

## Habib to see Hussein in London today

ROME (AP). — Special U.S. Middle East Envoy Philip Habib arrived in Rome yesterday to discuss the Lebanese crisis with Italian Foreign Minister Emilio Colombo.

U.S. officials said Habib will fly on to London today for talks with King Hussein of Jordan.

The officials, who asked not to be identified, said Habib stopped in Rome because Italian officials have shown a strong interest in resolving the Lebanese crisis.

Italy has offered to send troops for a multinational force in Lebanon. In talks in Washington last week with Secretary of State George Shultz, Colombo said Italy would contribute troops on the condition they would be accepted by Lebanon, Israel and the Palestinians.

After Habib's departure, the U.S. Embassy in Cairo released a statement saying the envoy "particularly values receiving President Mubarak's advice and views" and that the U.S. side considered the session here "important" to peace efforts.

The Egyptian government moved to dampen speculation Habib was touring Arab countries seeking an asylum for the some 8,000 Palestine Liberation Organization fighters bottled up by Israel in West Beirut.

Egypt's Middle East News Agency quoted an "official source" saying such a plan was not even under discussion, and he repeated Mubarak's frequent statements against such a move.

Habib arrived in Cairo on Saturday.

day from Saudi Arabia and met later that evening with Foreign Minister Kamal Hassan Ali.

The Egyptian news agency later announced that Mubarak would dispatch Ali to Washington in the next few days to continue consultations on the crisis.

It would be Ali's second visit to the U.S. since Israeli forces moved into Lebanon on June 6.

Ali told the Middle East agency that during talks with Habib the Egyptians stressed the need "for having a political link between a primary stage of finding a solution to the Lebanese problem, stopping the bloodshed there, enacting an Israeli troop withdrawal and maintaining Lebanese integrity, and a later stage of reaching a comprehensive solution that guarantees the legitimate rights of the Palestinian people including their right to self-determination."

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Post Middle East Affairs Reporter  
and agencies

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Post Knesset Correspondent

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Habib is expected to report to Begin on his talks with leaders in Damascus, Jeddah and Cairo, and on his meeting with Jordan's King Hussein today in London, regarding his efforts to find a sanctuary for the thousands of PLO fighters and their families — 20,000 to 30,000 persons — in besieged West Beirut.

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Prof. Ne'eman, 57, is a nuclear physicist and one of Israel's most distinguished scientists. Born in Tel Aviv, he graduated from the Technion in 19. During the '50s he was chief strategic planner for the IDF. He served as military attaché in London at the end of the '50s.

After teaching atomic physics at Tel Aviv University, he served as director of Texas University's centre of particle theory. He headed Israel's atomic energy laboratories for several years.

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The contribution is proportional between these brackets, meaning that, unlike income taxes, there will be no marginal increase within these broad income brackets. The income brackets for the purpose of the war loan will be adjusted to the

consumer price index in October, 1982 and in January and April, 1983.

The base for calculating the contribution to the war loan is the actual monthly income, and not, as is the case for income taxes, the annual average. This means that anyone earning in one month an income falling into a high bracket will have to pay on that higher income, and a lower income in another month will not entitle him to any set-off, as is the case with income tax.

The contribution to the war loan will be calculated on that part of monthly wages that serves as the basis for the payment of national insurance fees, but, unlike the latter, will not have a ceiling. Allowances for car maintenance, telephone, travel to work (up to IS540 a month), recreation benefits up to IS6,500 a year, as well as the employer's contributions to study grants (Keren Hishlalom), meals, discounts on employers' products sold to workers, will be exempt. Severance pay will also not be included, within the limits recognized by the income tax authorities. Exempt from the war loan will (Continued on Page 2, Col. 4)

The Committee of Concerned Citizens

present a panel discussion:

**Operation Shalom Hagalil — Was the Press "Poison"?**

On the Panel: Mikki Bar-Zohar (Labour) M.K.

Michael Kleiner (Herut) M.K.

Hirsh Goodman —

Defence Correspondent, Jerusalem Post

Discussion will take place on Thursday, July 29, at 8 p.m. at Dan Hotel, Tel Aviv. Admission: IS 80. Information: Tel. 03-658891.

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DAN TEL AVIV

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For full details, visit any Israel Discount Bank branch or pop in to one of the Israel Discount Bank's Advisory Centers (Dizengoff Square, Tel Aviv, Cial Center, Jerusalem; 34 Herzl St., Haifa).

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On monthly incomes between the tax threshold and IS7,500, the contribution to the war loan will be two per cent. On incomes between IS7,501 and IS30,000 a month the contribution will be four per cent, and on incomes over IS30,000 — five per cent.

The contribution is proportional between these brackets, meaning that, unlike income taxes, there will be no marginal increase within these broad income brackets. The income brackets for the purpose of the war loan will be adjusted to the

consumer price index in October, 1982 and in January and April, 1983.

The base for calculating the contribution to the war loan is the actual monthly income, and not, as is the case for income taxes, the annual average. This means that anyone earning in one month an income falling into a high bracket will have to pay on that higher income, and a lower income in another month will not entitle him to any set-off, as is the case with income tax.

The contribution to the war loan will be calculated on that part of monthly wages that serves as the basis for the payment of national insurance fees, but, unlike the latter, will not have a ceiling. Allowances for car maintenance, telephone, travel to work (up to IS540 a month), recreation benefits up to IS6,500 a year, as well as the employer's contributions to study grants (Keren Hishtalmut), meals, discounts on employers' products sold to workers, will be exempt. Severance pay will also not be included, within the limits recognized by the income tax authorities.

Exempt from the war loan will

(Continued on Page 2, Col. 4)

The Committee of Concerned Citizens  
present a panel discussion:  
**Operation Shalom Hagalil —  
Was the Press "Poison"?**  
On the Panel: Miki Bar-Zohar (Labour) M.K.  
Michael Kleinman (Herut) M.K.  
Hirsh Goodman —  
Defence Correspondent, Jerusalem Post  
Discussion will take place on  
Thursday, July 28, at 8 p.m. at Dan  
Hotel, Tel Aviv. Admission: IS 80.  
Information: Tel. 03-658891.

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\* Ilanot Discount - Mutual Funds Management.

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## Soldiers to get loans in fight against emigration

By JUDY SIEGEL  
Jerusalem Post Reporter

Finance Minister Yoram Aridor has agreed to the granting of a standing loan to all soldiers on completion of their regular service. The loan is intended to cover customs expenses or sales tax for the purchase of three major household appliances. It will be regarded as a grant if the soldiers do not emigrate.

Details have not yet been made final, but the loan will go into effect soon, according to Dov Shilansky, deputy minister in charge of the government effort to prevent emigration.

Shilansky told *The Jerusalem Post* yesterday that the standing loan, to help demobilized soldiers buy a refrigerator, stove and washing machine, may or may not prevent their emigration, but "at least it shows good will," which could affect a decision to emigrate.

Shilansky reported to Prime Minister Menachem Begin on Friday on the Central Bureau of Statistics figures on emigration during the first half of this year.

Although 15,000 Israelis who left during that period have still not returned, bureau officials were cheered by an 18 per cent higher rate of return during that period than during the first six months of 1981.

Begin offered full backing for any measures to prevent emigration, Shilansky said.

In addition to the loan for demobilized soldiers, Shilansky is working on the curtailment of all benefits, including customs exemptions, for returning emigrants. He asserted that the benefits have induced some to extend their stays abroad to be eligible for them.

In a few days, said Shilansky, he will reach final agreement with the Education Ministry and the Council on Higher Education on the granting of higher credits and academic status to practical engineers, to discourage their going to the U.S. for a quicker education. He also predicted that the Wingate Sports Institute will be recognized as an academic institution, to help prevent emigration among physical education instructors.

## Police officer's sentence upheld by Supreme Court

The Supreme Court yesterday rejected the appeal of former gan-nitzav Amram Lusky against the one-year prison term he received after being convicted of receiving bribes, breach of trust, interfering with police investigations and tampering with the judicial process.

In upholding the March 1981 decision of the Beersheba District Court, Justices Miriam Ben-Porat, Shlomo Levin and Yehuda Cohen stated "without hesitation" that Lusky's sentence "was too light" for such "an injury to the sacred values of an enlightened society."

Lusky, 47, of Beersheba, served in the Negev district police as head of the traffic division, operations

chief and patrols chief.

Lusky was convicted of a series of offences, including fixing a traffic ticket for a Dimona resident who was stopped for driving without a license. Lusky replaced Simon Alfassi's name with the name of his own son, and the investigation was dropped. But when the incident became known, Lusky pressured Alfassi to testify in court that "an anonymous policeman" had changed the names on the ticket.

In another incident, Lusky received a gift of 35 metres of floor tiles from a local merchant in exchange for cancelling a traffic ticket against the merchant's driver who was caught driving without insurance. (Itim)

## Behaviourists to discuss best way to teach kids

**Jerusalem Post Reporter**  
HAIFA. — How to bring out the best in children through education at home and in the classroom will be discussed at a two-day conference on behaviour analysis opening at Haifa University today.

Psychologists from Israel and the U.S. will discuss how to create the best climate for emotional and intellectual growth of children and the best ways to help them learn to read and to write. Specialists will outline

strategies for dealing with problems of discipline and violence, as well as personal cleanliness, eating habits and anxieties.

Prof. R. van Houten, of Canada's Mt. Saint Vincent University in Halifax, will speak on "Adult problem children: Speeding drivers." Together with Canadian police, he has investigated the behaviour of drivers who ignore speed limits and has come up with recommendations that have won international recognition.

## Sydney stevedores end boycott of Zim ship

**Jerusalem Post Reporter**  
HAIFA. — The boycott by a group of Sydney dockworkers of the Zim freighter Zim Carmel, was lifted without explanation on Friday. The vessel, carrying 300 containers of general cargo mostly destined for Australia, was immediately unloaded.

The ship, under charter to Zim

and flying the Panamanian flag of convenience, had been in port since last Tuesday. It left Sydney on Saturday and is now back on schedule.

The boycott was believed to have been instigated by a minority Communist group protesting Israel's invasion of Lebanon. A similar temporary boycott was imposed earlier this month by Greek stevedores.

## Public Works Dept. moving to Jerusalem

**Jerusalem Post Staff**  
The Public Works Department is moving its main office from Tel Aviv to the new government complex in East Jerusalem, the PWD spokesman announced yesterday.

The move is in line with government policy to concentrate all ministries and official bodies in the capital. Many PWD workers are expected to move to Jerusalem.

## Druse to speak for Israel

**Jerusalem Post Reporter**  
A number of Israeli Druse will go abroad on behalf of the state soon to explain Israel's side in the war in Lebanon.

Jewish Agency Executive chairman Arye Dulin, who received the freedom of the Druse village Daliat-el-Carmel last week, said that Druse has agreed to go on speaking tours abroad to speak about Israel's struggle against the PLO terrorists.



Jerusalem Mayor Teddy Kollek (right) embraces Ratib Al-Rabi, principal of the Rashidieh School, yesterday, at the Municipality's reception in honour of Id-El-Fitr. Observers were surprised at the attendance of Al-Rabi because the school's pupils have participated in recent rioting. (Elhazar-Scoop 80)

## Arab notables mourn war dead

By JUDY SIEGEL  
Jerusalem Post Reporter

At an Id-el-Fitr reception at the Jerusalem Municipality yesterday, Arab notables lamented the "sad loss of Jewish and Arab blood in Lebanon" and expressed the hope that Jews and Palestinians would reach a settlement while recognizing each other's rights.

"It is hard for us to celebrate while Jewish and Arab blood is being split," said Mahmoud Abed, the Mukhtar (leader) of the village of Isawiya outside Jerusalem and one of 50 Arab notables who responded

to Mayor Teddy Kollek's invitation to mark the end of Ramadan. "Both peoples are destined by God to live on this land," he said.

Kollek told his guests that he had reservations about holding the reception during the Lebanon crisis. Just as Jews in Jerusalem are worried about soldiers and bereaved families, said the mayor, "you must be worried about your relatives living in Lebanon." But the municipality decided to hold the Id-el-Fitr reception as a symbol of regular life going on, he said. Some 30 invited notables failed to attend the affair.

## TA charged with funding demonstration

By MICHAEL YUDELMAN  
Jerusalem Post Reporter

TEL AVIV. — The mass demonstration in support of the government's policy in Lebanon more than a week ago was partially financed by the municipality, opposition leader Natan Woloch charged at the municipal council meeting yesterday.

Woloch also said that municipal workers received overtime pay from the city's budget for their work during the demonstration at Kikar Malchei Yisrael. The rally was hosted by Mayor Shlomo Lahat, who helped organize the demonstration.

Woloch could not elaborate on his charges, because coalition members would not allow him to continue, claiming his subject was not part of the agenda.

Changing subjects, Woloch demanded, in a move for the agenda, an explanation of how the nearly \$100,000 deficit from the recent Tel Aviv Festival was caused. He cited the financial committee's protocol before the festival, which had predicted a profit from the event.

Lahat replied that excess expenses had derived from renting the Mann Auditorium and other municipal halls for the festival's productions.

## Begin's aid sought for Temple Mount wedding

**Jerusalem Post Reporter**

A recent American immigrant Baruch Goldstein yesterday wrote Prime Minister Menachem Begin saying he wished to marry his fiancée, Miriam Cohen, in a ceremony on Temple Mount. The two were forbidden to do so by police last week.

Goldstein wrote: "As long as we

allow the Omar Mosque to remain on the Temple Mount, there won't be, and there cannot be, security for the State of Israel. The reason: only when the Temple Mount is in our hands, will Israel be a Jewish state."

Goldstein told *The Jerusalem Post* yesterday that he is determined to hold his wedding there even if the couple's lives were in danger. "We will be there on August 3," he said.

## No government money for day nurseries

**Jerusalem Post Reporter**

TEL AVIV. — There is no money in the state budget to build new day nurseries, leaders of the Na'amat women's labour Zionist organization told a press conference yesterday.

They said that sites and donors are available for the building of six nurseries, but work cannot commence because matching government funds are not available. Donors will not contribute their share without government

matching, they said.

Government spending on nurseries has dwindled over the years from a high of 60 per cent to nothing today, said Na'amat secretary-general Masha Lubelsky. As a consequence, Na'amat has had to turn down 4,000 children for the coming year. She added that if upcoming meetings between Na'amat and Ministry of Labour and Social Affairs officials are unsatisfactory, "we may ultimately call on mothers to demonstrate."

## New Mekorot director

**Jerusalem Post Staff**

Agriculture Minister Simha Ehrlich yesterday appointed Jewish Agency settlement department official Ze'ev Ashkenazi as director-general of Mekorot, the national water company. Ashkenazi replaces five-year veteran Ya'acov Tuvia, fired last month by Ehrlich.

LEBANESE TEAM. — A soccer team from Southern Lebanon is to visit Rehovot for a game against the local She'arim team on Saturday.

## \$14 million raised for medical equipment

**Jerusalem Post Reporter**

A total of \$14 million was raised by Kol Yisrael radio last week in a special campaign for the purchase of equipment to rehabilitate wounded soldiers.

The campaign, "With All Our Hearts," was promoted by the radio for four days. The funds collected will be transferred to the chief IDF medical officer, who will decide what equipment is most urgent.

## Israeli Druse leader visits Lebanon

By YOEL DAR  
Jerusalem Post Reporter

HAIFA. — Israeli Druse spiritual leader Sheikh Amin Tarif last week met with his counterparts in Lebanon for the first time in more than 40 years. Their talks focused on improving relations between the Lebanese Druse and Christians, who have been at odds for over a century.

Tarif, accompanied by Likud MK Amal Nasr e-Din, conferred with former Lebanese defence minister Majid Arslan at his home in Aley and with Lebanese spiritual leader Mohammed Abu-Shakra in his native village of Bazran in the Shouf mountains.

Earlier on Friday, Arslan had met

with Bashir Jemayel, leader of the Christian Lebanese Forces (Phalange) to discuss the possibility of Arslan's parliamentary faction supporting Jemayel's bid for the presidency. On Saturday, Jemayel officially announced his candidacy for the presidential elections to be held on August 15.

But just after the rare meeting between the Christian and Druse leaders, violence broke out between the two communities in Aley. Both sides suffered casualties in the exchange of fire, which was broken up by the IDF.

During his three-day visit to Lebanon, Tarif urged the Druse to come to an agreement with the Christians as the "only means of

maintaining the unity of Lebanon." Tarif also assured Lebanese Druse leaders that Prime Minister Menachem Begin had promised him that Israel would protect the interests of the Druse and safeguard their legitimate rights as a minority in Lebanon.

The long-standing feud between Christian and Druse worsened during the Lebanese civil war in 1975-76. More than half of the Druse, headed by Walid Jumblatt, still support the PLO, while Majid Arslan and his followers are considered neutral and moderate.

The Druse make up about 8 per cent of the population of Lebanon, and many of them live in small villages in the Shouf Mountains.

## Police halt anti-war protest at Begin's office

By ISRAEL AMRANI  
Jerusalem Post Reporter

Police yesterday broke up an illegal demonstration against the war in Lebanon held by about 15 persons opposite the Prime Minister's Office. Ten of the protesters were held for several hours before being released.

Earlier the Peace and Security group held a press conference at Jerusalem's Beit Agron in support of the government's policies in Lebanon.

Several dozen protesters of the Soldiers Against Silence group began their demonstration yesterday morning legally, but their permit expired at 11.30 a.m. About 15 of the group remained at the site as "individuals" after the others started to drift off at 11.30.

Those who remained carried placards opposite the building until

about 1 p.m., when around 20 policemen began quickly to break up the demonstration. Some of the protesters did not resist and walked to the waiting police van.

Others whom police apparently believed were trying to flee were seized and thrown into the van. Police also arrested several group members who were not demonstrating at the time, including one person whom they pushed off his bicycle and shoved into the van.

The demonstrators were taken to the Jerusalem police lockup in the Russian Compound and were later released with a warning.

Earlier at Beit Agron, a group of five university professors, three reserve colonels and a pilot on active duty held a press conference to support the government's Lebanon policy.

Especially harsh in his criticism

was Jewish Studies Prof. Eliezer Schweid, who charged that the opposition was "using non-parliamentary elements to criticize the government, going even beyond what is considered normal in democracy." What is democratic, according to Schweid, is to keep the debate within parliament. He added that not all that is permitted by law is wise, or necessarily justified, to do.

All the speakers agreed that criticism by Israelis at home and abroad encouraged the PLO to stay in Beirut and would inevitably result in Israeli casualties.

A group called "Twelfth-Graders against the War," claiming hundreds of supporters, yesterday announced they had sent a letter to the prime minister to express their doubts about joining the IDF in light of the war in Lebanon.

## New law should increase rape convictions

By JEFFREY HELLER  
Jerusalem Post Reporter

TEL AVIV. — More than half of this country's reported rape cases are not prosecuted because of lack of corroborating evidence. But Knesset approval of a proposed draft amendment to the Statutes of Evidence (*dinei mishpat*) could improve the statistics.

Under the present law, a court cannot convict a defendant on a rape charge on the basis of the victim's testimony alone. Women's rights activists, spearheaded by Nitzia Shapiro-Libai, the prime minister's adviser on the status of women, and MK Shulamit Aloni, have been working to change this.

Recently the women's movement achieved a measure of success when the Knesset Law Committee voted

4-4 to send two draft amendments altering the "corroboration" requirement to the plenum.

A 1978 Hebrew University study showed that more than half of the reported rapes in this country never went to trial because prosecutors could not come up with the required corroborating evidence to back up the victims' claims, Shapiro-Libai said.

This evidence might include an actual witness to the rape, someone who saw the victim soon after and can testify to her mental or physical state, or signs of violence on the woman's body, she said.

Quoting various judicial opinions, Shapiro-Libai said it is clear that the requirement has allowed many rapists to go free.

Of the two draft amendments,

Shapiro-Libai is less enthusiastic about the first.

It would nullify the need for "corroboration," but would still require "something" (*davar*) to back up the testimony. Shapiro-Libai fears that the ambiguous "something" could be a euphemism for the original concept.

Adoption of the second amendment would, however, represent "a great success," she said. It would make it possible to get a conviction on the basis of "singular testimony" (*adur yehid*), with the judge required to list the reasons why he or she decided to accept that kind of evidence.

Aloni will present the amendments to the plenum soon, Shapiro-Libai said.

## No exit' for Rumanian hunger-strikers

By JUDY SIEGEL

The two Rumanian Jews hunger-striking in Bucharest to press their demand for exit permits to Israel were threatened last Thursday by the chief of the passport service.

Sergiu and Rusanda Ratescu, who began fasting on July 11, were called into a Col. Dorobantzu's office and told that the passport chief "didn't like their tactic of holding a hunger strike." He also said that he was refusing their application, first submitted in 1970.

The Ratescus, both in their 30s, retorted that they would not answer his summons again, and would reply

only to messages in writing.

This exchange was reported by Mrs. Ratescu in a telephone call to Claire Katzenell of the Centre for East European and Soviet Jewry at the Hebrew University in Jerusalem, who visited the couple a few weeks ago.

On the same day as the incident in Bucharest, Rusanda Ratescu's aunt in Carmiel, Henrietta Arnon, was told by the Rumanian Ambassador to Israel, Constantin Vasilu, that her relatives were at the top of an emigration priority list and that they would be permitted to leave.

## Kiryat Ata wage strike enters its second week

**Jerusalem Post Reporter**

KIRYAT ATA. — The strike of 700 municipal employees who walked off the job to protest the non-payment of their June salaries, entered its second week yesterday.

All services are affected, including garbage collection and maintenance.

Mayor Nathan Spritzer said yesterday that both he and the workers were upset by the failure of the Interior Ministry to carry out an agreement to transfer funds for the payment of salaries, which were due on July 8, at the latest.

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In the District Court of Tel Aviv-Yafo Motion Files Nos. 2909/82, 4497/82

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The sale of the assets is subject to the same terms and conditions as set out in the Agreement. In accordance with the court's instructions, only bids in excess of U.S. \$3,000,000 will be considered.

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Paris police find  
PLO-killers' car

PARIS (UPI). — Police found a blue Talbot car on Saturday night, used by the three men who assassinated the deputy director of the Palestine Liberation Organization on Friday, police said yesterday.

The car was spotted by a man waiting for his wife in front of their apartment on the Avenue d'Italie on the southern edge of Paris. He noticed that the licence number was the same as that broadcast on the radio, police said.

The witness told police he had waited five hours before telephoning police because "my wife was impatient and we had many errands to do. I thought it over and finally called the police."

Police made sure the locked car was not booby-trapped, and then specialists began to examine the vehicle. It had a bent left fender indicating a traffic accident or possible damage from the bomb.

The killers had pulled up alongside the car of PLO deputy director Fadi Dani and tossed a grenade at him.

Death toll rises in  
Japanese floods

TOKYO (Reuters). — The death toll in the floods which hit southern Japan on Friday and Saturday rose to 196 with 187 people missing and believed dead, police said last night.

The increase resulted from the recovery of more bodies buried in landslides or washed away into the sea after the torrential rain of the last two days, police said.

The numbers of dead and missing in the city of Nagasaki — the worst hit area — now stood at 166 and 181 respectively, while to the east and south the figure remained 30 dead with six missing, the national police agency said.

Bomb attack on U.S.  
embassy in Peru

LIMA (UPI). — Bombs were thrown at the U.S. embassy here on Saturday night, shattering windows but causing no injuries, authorities said yesterday.

Police have arrested seven suspects.

Within half an hour of the attack, petrol bombs went off at an automobile showroom in the city, causing little damage and no injuries. Police said different groups are believed responsible for the two attacks.

India's seventh  
president takes office

NEW DELHI (Reuters). — Zail Singh was sworn in yesterday as India's seventh president. He took over from Neelam Sanjiva Reddy, who retired at the end of his five-year term.

Singh, a former home minister and an ardent supporter of Prime Minister Indira Gandhi, soundly defeated the opposition candidate in the presidential election two weeks ago.

In a speech at the ceremony, he appealed for greater national discipline and unity between people of different states, religions and castes.

## IRAN-IRAQ

(Continued from Page One)

With tanks, planes and guns and appeared to have maintained supply lines to keep their forces fighting.

Western diplomats noted with interest reports that Iran had accepted an Algerian offer of mediation. One diplomat said Iran seemed to have dropped its most difficult demand — the overthrow of Iraqi President Saddam Hussein — and now seem to be concentrating on the issues of the international boundary and the amount of compensation they would demand from Iraq.

"There may be light at the end of the tunnel," the diplomat said.

According to Iraqi communiques over the past two weeks the Iraqis have lost about 15,000 dead, with many more wounded and captured.

A key factor in the conflict appeared to have been Iraq's apparent air superiority. Iran's frontline air strength is put at between 40 and 70 aircraft. According to Western experts Iraq can deploy three to four times that number.

So far neither side has committed major air formations to the battle. Iraq has mainly relied on helicopter gunships, and few Iranian aircraft have appeared over the battle zone.

## U.S. ties at stake as EC renews steel talks

BRUSSELS. — The European Community, maneuvering to avert an outright trade war with the U.S., has decided to revive efforts abandoned six days ago to reach an overall deal governing its U.S. steel exports.

But grave difficulties beset the new talks, which will have to produce an accord acceptable to the struggling U.S. steel industry in a climate embittered by sharp transatlantic differences over a pipeline to carry gas from Siberia to West Europe.

Before last Tuesday, some two months of talks between the Community and the U.S. administration had already failed to bring an overall deal acceptable to loss-making U.S. steel companies whose output reached an 11-year low last month.

Diplomats said the commission, which has said the Community must retain over 6 per cent of the U.S.

Passengers, crew foil  
skyjacking over China

PEKING (AP). — Five men yesterday tried to hijack a Chinese airliner on a domestic flight, but the crew and some passengers seized them in "a brave fight," China's official Xinhua news agency reported.

Xinhua said all foreign and Chinese passengers were safe. Japanese sources in Shanghai, where the plane landed, said about 80 passengers were on the plane, including 10 Japanese.

Xinhua did not say where the hijackers tried to take the plane, but the Japanese sources said they had demanded to go via Hongkong to Taiwan, seat of the rival Nationalist Chinese government.

Xinhua said the plane, flying from the ancient capital of Xian to Shanghai, was over Wuxi, about 130 kilometres west of Shanghai, when five Chinese "resorted to violence in an attempt to hijack the plane."

"The crewmen, with the assistance of the passengers, had a brave fight with the hijackers and captured the five alive," it added.

Xinhua said the plane landed at Shanghai 2 hours and 55 minutes after the hijackers made their move.

It gave no details of the struggle during the period, but Japanese sources said the pilot at first had pretended to agree to the hijackers' demands while actually flying around Shanghai for about 2½ hours.

They said the five hijackers suddenly had announced that they had dynamite and wanted to fly to Taiwan in the Ilyushin-18, a Soviet-made four-propeller plane belonging to China's national airline — CAAC.

Later, they said, the captain, purser and about 15 Chinese passengers rushed the hijackers and attacked them with their bare hands.

The sources said dynamite planted in a forward toilet went off, causing some damage.

No previous hijackings have been reported in China.

Zimbabwe saboteurs wreck  
1/4 of country's air force

GWERU, Zimbabwe (AP). — Saboteurs blew up "a number" of Zimbabwe air force planes at Thornhill air force base in the midlands town of Gweru early yesterday, Minister of State for Security Sydney Sekeramayi said.

Saboteurs managed to get into the security-fenced base to plant charges, he said.

A board of inquiry has been set to investigate the sabotage.

The minister gave no other details, but security sources in the town said 12 warplanes, a quarter of the air force fleet, were destroyed in their hangars.

Seven aging British-built Hawker Hunter fighter-bombers, four new Hawk fighters recently ferried to Zimbabwe from Britain and a Lynx fighter-spotter were blown up, the sources said.

Soviets give veiled warning  
against build-up of U.S. fleet

MOSCOW (Reuters). — Navy chief Sergei Gorskov yesterday said Moscow had kept up with improvements to U.S. Naval forces, in what appeared to be a warning against expansion of the American fleet.

In an article in the Communist Party daily *Pravda*, Gorskov said Washington itself is to blame if the U.S. is now threatened by missile-carrying Soviet submarines, as these had been developed only in response to similar American weapons.

He cited this as an example of the Soviet Union's ability to copy whatever improvements the U.S. made to its fleet, and quoted President Leonid Brezhnev as saying that ultimately neither side made any real gains.

## UK paper: French worked on Argentine missiles

PARIS (Reuters). — The Defence Ministry said yesterday it is investigating a report in the London *Sunday Times* that French technicians had helped fit Exocet missiles to Argentine aircraft during the Falklands conflict.

The ministry said a senior official would look into the allegations urgently. France declared an arms

## Russian youth commemorate satirist

MOSCOW (Reuters). — Thousands of young Russians filed past the grave of folk singer Vladimir Vysotsky on the second anniversary of his death yesterday.

As uniformed police ushered the crowd hastily past the flower-decked memorial stone, small groups of youths gathered nearby to

## Lions kill man in Australian safari park

PERTH, Australia (UPI). — A man was mauled to death yesterday by 15 hungry lions in a safari park, police said.

They said Peter Zakovic, 42, of Perth was ripped apart by the lions as they waited for their mid-morning feed at the Wanneroo Safari park, 50 kilometres north of Perth.

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Meanwhile, a dawn-to-dusk curfew was imposed on western Zimbabwe yesterday as troops combed the rugged countryside for the gunmen who abducted six foreign tourists on Friday.

The tourists — two Americans, two Australians and two Britons — were stopped at a roadblock of fallen trees on the Victoria Falls-Bulawayo highway on Friday evening.

The gunmen later released tour leader Bruce Watkins with an ultimatum for Bulawayo police. They said that the hostages would be killed within a week unless detained members of opposition leader Joshua Nkomo's Zimbabwe African Peoples' Union were released.

In an interview yesterday, Nkomo urged the kidnappers to release the hostages unharmed.

The article, to mark yesterday's Soviet Navy Day, appeared to be an indirect warning to the Reagan administration that Moscow would match its plans to expand and modernize the U.S. fleet over the next few years.

Gorskov said the Soviet Union favours agreements with the U.S. to limit the deployment of new missile-launching submarines and to restrict submarine patrol areas, but Washington had turned down such proposals.

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## Sports

German teenagers  
challenging  
top-dog Americans

SANA CLARA, Cal. (UPI). — The great American tennis machine in the guise of Chris Evert-Lloyd and Martina Navratilova shifted into high gear and moved into last night's finals against West Germany's "Wunderkids" at the 20th annual Federation Cup women's tennis tournament. The Americans swept both singles matches from Czechoslovakia to advance into the final where they have been successful for the last six years.

In the highlight match, Navratilova took on her former countrywoman, Hana Mandlikova and struggled in the first set. Spurred on by a partisan crowd, Navratilova finally broke at 5-4 to take the set 6-4, but fell apart in the second as she became frustrated at the speed and agility of her opponent and lost 6-0.

"Chris (Evert) was telling me from the stands not to worry," said Navratilova. "She said she'll cool off." In the third set, Navratilova duly found her own timing. Mandlikova was rendered helpless, and fell 6-1.

Earlier, Evert had topped a befuddled Helena Sukova, 6-1, 6-2. In West Germany's upset of Australia Claudia Kohde set the pace as she dissected Dianne Fromholtz 4-6, 6-3, 2-0.

Battina Burge, another teenager, matched fluid stroke for fluid stroke with Evonne Goolagong Cawley to down the veteran 6-3, 7-6 (7-2) and send the Germans through.

In men's tennis, Guillermo Vilas of Argentina won the Austrian Open beating Brazilian Marcos Hocevar 7-6, 6-1 in the final. Baltus Turek beat Buster Mottram 7-6, 6-7, 6-3, 7-6 to take the Dutch Open.

The quarter-final line-up for the \$200,000 National Bank Classic in Washington is Ivan Lendl vs Jimmy Arias and Yannis Ntouh vs Jose-Luis Clerc.

Hinault mounts  
thrilling finish

PARIS (Reuters). — Frenchman Bernard Hinault produced a magnificent grandstand finish to win both the final stage and overall honours in the Tour de France cycle race here yesterday. It was his fourth success in five years.

There was no earthquake or tidal wave — the only things deemed capable of stopping Hinault, who entered the closing stage with a six-minute advantage and triumph assured.

But he kept his promise of a storming finishing. With half a kilometre remaining, he blasted his way to the front and edged home a wheel ahead of Dutchman Adri van der Poel of the Netherlands.

For the hundreds of thousands of spectators jamming the streets of central Paris, the sprint finish up the Champs Elysees after six laps of the city was a thrilling sight. The lead changed hands several times before the 27-year-old French superstar confirmed his domination of the 3,144 km Tour.

Renault dispute  
amid French sweep

LE CASTELLET France. — Rene Arnoux led a quartet of Frenchmen into the top four places in the French Grand Prix motor race here yesterday.

Arnoux, 34, shrugged off a series of disappointments by recording his first world championship win of the season, ahead of Renault team mate Alain Prost. Ferrari duo Didier Pironi and Patrick Tambay gave the French further cause for celebration by filling third and fourth places respectively.

Pironi's effort took him nine points clear of Briton John Watson in the 1982 title battle with Prost now third, one point clear of Austrian Niki Lauda.

There was drama in the Renault camp and recriminations afterwards because Arnoux ignored an order from the team to let Prost overtake with just 12 laps remaining. Arnoux received instructions to let Prost take the lead on the 42nd of the 54 laps because Prost is better placed in the standings.

"I was having a lot of vibration in the front suspension and was scared of having to come in to change wheels. There was no way I could run the risk of slowing down," Arnoux said. (Reuters, UPI)

## SCOREBOARD

WATERPOLO: China 9 Israel 6 in the qualifiers for the World Championships in Eilat. China go through and Israel are eliminated.

BASEBALL: Saturday games — American League: Detroit 3 Texas 1, Baltimore 5 Oakland 4 (12 innings), Toronto 9 Chicago 1, Seattle 5 Cleveland 0, New York 6 California 5, Milwaukee 7 Kansas City 4, Minnesota 5 Boston 3.

National League: St. Louis 5 Houston 1, San Francisco 5 Montreal 2, Atlanta 4 Pittsburgh 3, Cincinnati 5 Chicago 2, Los Angeles 3 Philadelphia 2, New York 4 San Diego 2.

CRICKET: Pakistan 260-9 dec and 36-0; Derbyshire 257-6 with one day to go.

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## The New York Times

WEEKLY REVIEW

Printed and distributed  
in Israel  
in association with  
The Jerusalem PostWhich  
Way Out?West Beirut's  
Future Could  
Settle the Fate  
Of All Lebanon

By THOMAS L. FRIEDMAN

**I**n a way, it may all come down to west Beirut. The outcome of the seven-week-old Israeli invasion of Lebanon hinges on the fate of the western half of this divided Arab capital. Will a peaceful formula be devised for evacuating 6,000 Palestine Liberation Organization guerrillas, or will the Israeli army storm in and take them out? At stake is not only the future of the P.L.O., and to a certain extent, Israel, but also the future of Lebanon.

"It's all very simple," said Saeb Salam, the former Prime Minister who heads west Beirut's predominantly Sunni Moslem community. "If you destroy west Beirut, you destroy any hope of a united Lebanon. If you save west Beirut, you save the possibility of reunifying this country." Mr. Salam's is a stark vision, but it has a strong basis in reality. Lebanon has always rested on a delicate political balance between Christians and Moslems and an even finer equilibrium between European and Arab culture. This accounts for Lebanon's cosmopolitan character and ability to play the lucrative role of entrepot between Christian West and Arab East. In this balance, the social, economic, political and cultural weight of Lebanon's Moslems is centered in west Beirut.

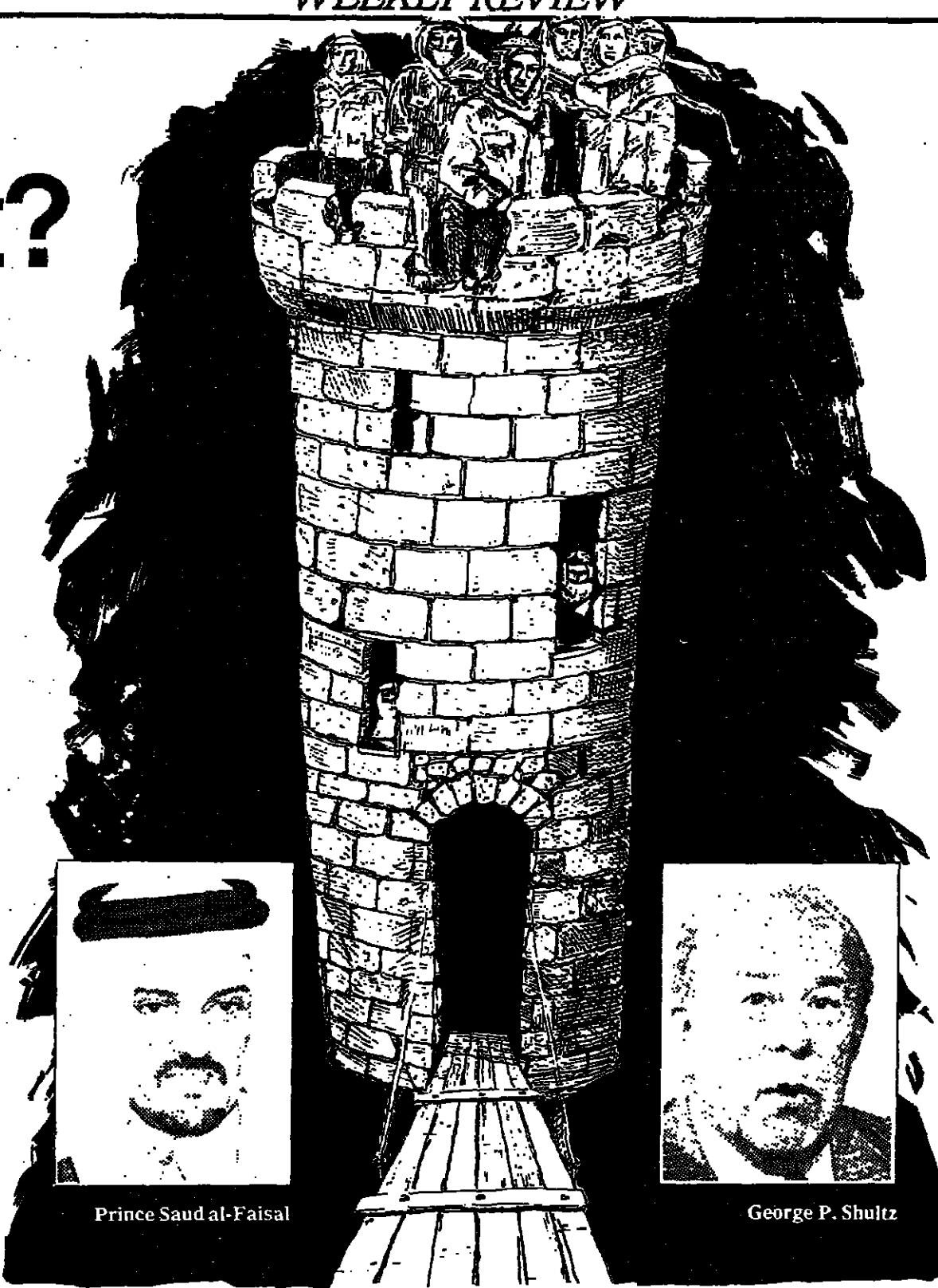
Historically, Beirut was largely Sunni Moslem, with a minority of Greek Orthodox Christians. But as it developed into a major commercial and trading center, many Maronite Christians, who tended to live in the mountains, flocked to the eastern half of the city abutting Mt. Lebanon. The concept of an east and west Beirut arose during the 1975-76 Lebanese civil war. It was formalized during the 1975-76 Lebanese conflict when a swath of burned-out buildings across the business district, inappropriately designated the "green line," divided the predominantly Moslem west from the purely Christian east. However, 220,000 Christians, mostly Greek Orthodox, continued to live in west Beirut alongside 500,000 Moslems.

## Arab World Capital

Since then, Lebanon's Arab face has always been reflected in west Beirut. The influential Arabic newspapers, *Al-Nahar* and *As-Safir*, are printed there and sold across the Arab world. Despite, or because of, the chaos after 1976, west Beirut remained the best listening post for Arab politics, international reporters and foreign embassies stayed on.

Even after trendy Bamra Street turned seedy and overcrowded, west Beirut remained the "Beirut" the Arab world knew. It is the home of American University, where many Cabinet ministers in Arab governments — particularly in the Gulf — learned economics and business administration. Most importantly, it is the place many Arabs have kept their money or invested in property and is the headquarters of most of Lebanon's famous banking houses. "If west Beirut were destroyed while the Christians of east Beirut stood by and watched," said Samir Sanbar, a United Nations official and historian of the Moslem sector, "Moslems everywhere in the Arab world would look differently on the Christians living amongst them."

Politically, west Beirut is the home of the country's Moslem Prime Minister, Cheikh al-Wazzan, who runs the Government with the Maronite President, Elias Sarkis. Spiritual leaders of Lebanon's Sunni and Shiite Moslems maintain headquarters in west Beirut, adding to Saudi Arabian concern about preventing an Israeli invasion. Finally, west Beirut is the home of the coalition of Moslem and Palestinian militias that fought the Maronite Chris-



Prince Saud al-Faisal

George P. Shultz

Drawing by Susan Sullivan; The New York Times/Teresa Zabala; Financial Times

tian Phalangists in 1975 and 1976. The backbone of this coalition was the P.L.O.

Early in the Israeli invasion, many of west Beirut's Moslems might have stood back and welcomed Israeli troops into their neighborhoods. If only for relief from the chaos of private militias they had lived with for eight years. But that attitude has dissipated, not because of fear of the Israelis, but because of fear of Phalangist domination that might come with them. Suddenly the Palestinian Kalaichukov, which has served as the Moslem's counterbalance to the Phalangists, seems more urgently needed than ever. For the past month, the Phalangists have been watching and sometimes collaborating in the Israeli siege of Moslem west Beirut. More ominously, the Israeli Army has brought Phalangists or other Christian militiamen into sectors it has occupied, notably Sunni Moslem redoubts such as Sidon, and the Druze area along the Beirut-Damascus highway. There have already been shootouts between Druze villagers and Phalangist militiamen, but these are minor compared with what might happen if the Phalangists tried to join Israelis in west Beirut. "The way the Israelis and Phalangists have behaved up until now has led west Beirut's Moslems to believe that they are the target of the second phase of the Israeli invasion," said Abdul Rahman Labban, Lebanon's Minister of Labor. "If that is true, then the future is full of blood."

If west Beirut is destroyed, historians will judge whether it was the fault of the Israelis who insisted on coming in or the Palestinians who refused to leave. One thing seems certain. A reunited Lebanon with a strong central government — which Israelis and Americans both profess to want — cannot be built on the ruins of west Beirut. "Lebanon is like a bird with two strong wings," said Mr. Sanbar of the United Nations. "If one of those wings is damaged it will never fly right again."

For Israelis,  
The Taste of  
Victory Starts  
To Turn Sour

By DAVID K. SHIPLER

**A**LTHOUGH the current impasse in Lebanon seems quite tangible — involving a ring of Israeli armor around a city teeming with guerrillas — the issues for both Israel and the Palestine Liberation Organization had evolved last week into less concrete questions of symbol and status.

Even after defeating the P.L.O. on the battlefield, Israel has not yet won the war, and the notion of what constitutes victory has grown increasingly complex.

This is the first war Israel has fought against the P.L.O., and it is meant to be the last. The primary aim has been to obliterate the Palestinian military structure

that was assembled within striking distance of Israel's northern border, to cut off a process that Israel feared would make its northern towns and kibbutzim practically uninhabitable in the face of random barrages of rockets, artillery and, perhaps in the future, ground-to-ground missiles.

In this, Israel succeeded in six days. But the more ambitious objectives, to drive the P.L.O. out of Beirut and all of Lebanon, to see the organization shattered and rendered politically impotent — have remained elusive and potentially costly. The taste of victory has begun to sour.

As the Government of Prime Minister Menachem Begin hesitated at the brink, restrained by the specter of heavy casualties and by vigorous American pleas to let the diplomatic tack run its full course, the P.L.O. has started to gain precisely what it was supposed to lose — a measure of grudging recognition as a key player in the Middle East, and the power to affect its own destiny. In the end, of course, these may be illusions, for no one in Jerusalem can imagine Israel allowing the P.L.O. to remain in west Beirut.

But meanwhile Yasir Arafat, the P.L.O. leader, who is no less skillful a politician than Mr. Begin, has turned the power relationship upside down, maneuvering himself into a position of crucial importance, gathering political and financial promises, angling for future support and building a diplomatic platform from which he and his organization can later continue the drive for a Palestinian state if, at the last moment, they withdraw from Beirut.

## Only a Matter of Timing

This annoys Israeli officials but there was no sign last week that it had them worried. Whatever long-term consequences the war may have on worldwide endorsement of Palestinian statehood, whatever the prospect of eventual American dialogue with the P.L.O., whatever pressure Washington may assert for Israeli territorial compromise on the occupied West Bank, Israeli policy-makers are consumed by the issue of the moment: how to get the P.L.O. out while appearing as humane and reasonable as possible.

Based on their own intelligence analysis of P.L.O. intentions, Israelis disagree with the optimism of the American special envoy, Philip C. Habib, who continues to tell them a peaceful P.L.O. retreat is attainable. They have reliable information, they say, that the P.L.O. leadership is struggling Mr. Habib along — in hope of political gains before finally withdrawing, or in the conviction that Israel will lose its nerve and back down under the pressure of internal dissent and external objections, principally from the United States.

If this is an accurate reading, then one is tempted to observe how little Yasir Arafat seems to know about Menachem Begin.

Unless there has been some sudden, hidden mellowing of Mr. Begin's stubborn and resilient character, or some extraordinary, diplomatic breakthrough that has not yet come to light, the P.L.O. in Beirut is doomed. It is only a matter of timing and tactic.

The army seems convinced that military pressure will have to be exerted before the P.L.O. takes Israeli demands seriously, and a likely method is a salami-style slicing away at Palestinian-held areas of west Beirut, perhaps combined with commando operations, rather than all-out frontal assault preceded by saturation bombing and shelling. The idea, apparently, would be to give the P.L.O. time, during the operation, to agree to withdraw.

At present, however, Israel is engaged in a diplomatic effort that has both authentic and artificial components. Mr. Begin is genuinely interested in avoiding combat in west Beirut's fortified, booby-trapped warrens, and has gone to some lengths to accommodate Palestinian demands. After P.L.O. officials passed the word that they would not allow themselves to be humiliated during their withdrawal, Mr. Begin reversed himself and agreed to let them leave carrying personal sidearms.

He also agreed to pull Israeli troops off the Beirut-Damascus highway, if the P.L.O. chose that exit, to be out of sight when the convoy of defeated Palestinians passed.

But some gestures have also seemed little more than cosmetic efforts to repair Israel's damaged image and to convince the Reagan Administration that every possible avenue of diplomacy was being exhausted.

Most prominent in this category, Defense Minister Ariel Sharon told a huge, pro-Government rally in Tel Aviv last weekend that "Israel is prepared to grant temporary and immediate asylum to each and every one of the terrorists, on the condition that his hands are not stained with the blood of terrorist acts, and on the further condition that he announces his renunciation of membership in the P.L.O. terrorist organization the moment he surrenders himself to the Israeli guards."

This was an effort to embarrass Arab countries into accepting the guerrillas. A well-informed official explained that the temporary "asylum" would be granted under guard in Israeli internment camps, as was done in 1970 for P.L.O. men fleeing the army of King Hussein.

Before the end of this, Israel may also have to repair its tough-guy image in the Arab world. "Before" the invasion, said a Lebanese woman, a Maronite Christian who wants the P.L.O. out, "people thought Israel had weight and when it gave a warning, it meant it. Now, no. You can bargain, you can argue, you can cut the military process with politics."

## Major News

## In Summary

Hard Bargaining  
Over Welcome  
Mats for P.L.O.

Arab League emissaries last week proposed an itinerary out of west Beirut for Yasir Arafat and his 6,000 beleaguered guerrillas. But the price and conditions attached to the package ticket seemed exorbitant. Israel, signaling its impatience, launched repeated attacks on Palestine Liberation Organization redoubts in west Beirut and on Palestinians and Syrians in the Bekaa valley. Syria, using Soviet SAM-5 missiles for the first time, downed an Israeli Phantom and captured two pilots.

The Foreign Ministers of Saudi Arabia and Syria, Prince Saud al-Faisal and Abdul Halim Khaddam, brought "new ideas" to President Reagan and Secretary of State George Shultz. Prince Saud suggested moving the P.L.O. in groups to other Arab countries after a transit stop in northern Lebanon. He said Iraq and Algeria would be willing hosts (they haven't said so); Egypt and Syria have offered hospitality to P.L.O. leaders but not their armies. As the "ultimate destination" —

with the arrival date wide open — Prince Saud urged the United States to agree to Palestinian "self-determination" in their own homeland. Israel and the Government of Lebanonese President Elias Sarkis, a Maronite Christian, rejected evacuation of the besieged Palestinians unless their departure from the country was sure. The Lebanese Forces, a coalition of Maronite militias dominated by the Phalangist party of Bashir Gemayel, have been working closely with Israel. Mr. Reagan's special envoy, Philip C. Habib, who thought up the phased withdrawal, left Beirut for Damascus and other Arab capitals to sell the idea.

Mr. Shultz, despite his eagerness to drain the Middle Eastern swamp of its lethal conflicts, rebuffed French-Egyptian drafts of a United Nations resolution that would imply recognition of the P.L.O. Instead, he reiterated Washington's commitment to Camp David, which excludes the P.L.O. and is anathema to most Arabs. He also ruled out using "pressure and threats" to withhold aid from Israel. However, President Reagan suspended shipment to Israel of cluster-type artillery shells (but not other weapons) pending results of an inquiry into Israeli weaponry in Lebanon.

non. The United States also repeated its refusal to deal with the P.L.O. until it openly accepts United Nations resolutions calling for negotiations and recognizes Israel's right to exist.

In pressure of another sort last week, Interior Secretary James G. Watt stirred controversy with a letter to Israeli Ambassador Moshe Arens. He suggested that support for Israel could be undermined if "liberals of the Jewish community join with other liberals" in opposing Administration energy policies. The White House disavowed the letter as "unfortunate." Jewish spokesmen vigorously objected to getting mail via the Israeli Embassy; they also resented linking a domestic issue with backing for Israel.

In Lebanon, Israel said its air strikes, the first in nearly a month, retaliated for frequent Palestinian cease-fire violations — 75 in three weeks — notably ambush-slayings of five Israeli soldiers, mining of roads and rocket firings. But Israel radio insisted the military actions were "not the end of the political process."

The political-military process sometimes occurs as terrorism. In Paris last week, Fadi el-Dam, deputy head of the P.L.O. office, was assassinated on the way to work. His boss blamed Israelis; Israeli officials denied responsibility.

Death by  
Explosion

Horses and humans screamed, falling to the ground in mangled heaps. Terrorist bombs, exploding in two

London parks one midday last week, served as the grim reminder in nearly three years that if Britain does not consider itself at war, the Irish Republican Army does.

Eight soldiers were killed outright



Injured army musician being assisted after London bomb blast.

— two died later — and more than 50 people were injured. One bomb sent four — and six-inch nails ripping through a detachment of the Queens Household Cavalry in Hyde Park and a second one, two hours later in Regent's Park, went off under a bandstand as the Royal Greenjackets performed. Six of the dead were band members, some literally blown to bits. Seven cavalry horses were killed or had to be destroyed.

The I.R.A., which seeks the reunification of Ireland, acknowledged planting the bombs. The group said it is "now our turn to properly invoke Article 51 of the United Nations statute," which deals with a nation's

right of self-defense. Prime Minister Margaret Thatcher frequently mentioned it during the Falkland war.

It was the I.R.A.'s most costly violence since August 1979, when the outlawed organization assassinated Lord Mountbatten and killed 18 British soldiers. Some speculated that bombings were linked to the conviction the week before of an Irish nationalist. Others noted that James Prior, Secretary of State for Northern Ireland, was coincidentally visiting the United States in an effort to stem sympathizers' gifts to the I.R.A. In any case, police said the bombings might signal a new round of terrorism.

The allies wonder, if Carter  
2 was bad, is Reagan worse?

South Africa's ruling tribe is  
3 no longer monolithic



People with people in mind.



bank leumi בנק לאומי



# The World

## In Summary

### Reagan Leaves Test-Ban Talks In the Lurch

President Reagan has said that a comprehensive ban on nuclear tests is a good idea. But it is just not good enough at the moment, he told the National Security Council last week.

The Administration, announcing that Washington won't resume test-ban negotiations with the Russians, will concentrate instead on what it regards as inadequate verification provisions of two treaties signed in the 1970's by the Nixon and Ford Administrations but never ratified by the Senate. The United States suspects the Soviets of violating those treaties' 150-kiloton limit on underground nuclear explosions.

The trilateral test-ban talks, suspended in 1980 by President Carter, had ended on an optimistic note. Paul Warnke, former United States arms negotiator, said agreement had been reached on several difficult points.

The British Government, the third participant in the talks, last week said it wasn't pleased with Mr. Reagan's decision. More vocal were leading Democrats, including Senator Edward Kennedy, who "strongly condemned" the suspension and vowed to introduce a resolution calling for new negotiations.

An enforceable ban on testing would all but stop the building of new nuclear devices, some experts say, because such experiments are essential to their development. Administration officials concede that they want to go ahead with tests on American weapons, including warheads for the new Pershing 2 cruise missile (which exploded on its first test flight last week). The United States has announced tests of 374 devices since 1963, when another treaty banned explosions above ground.

### Limiting War?

Recent talk by Reagan strategists of "controlled nuclear counterattacks" and "protracted conflict periods" appalled some members of Congress. So, last week, 50 legislators, mostly Democrats, wrote to President Reagan urging him to abandon any "buildup aimed at fighting a protracted nuclear war." The President's plans were in a classified document approved by Secretary of Defense Caspar W. Weinberger in March.

The legislators told the President that his policy "completely contradicts" his declared intentions to lessen the risk of nuclear war and that it will speed up the arms race.

The Reagan Administration argues that the Soviet Union has a "definite margin of superiority," making it necessary for the United States to expand its nuclear capabilities.

### New Seesaw For Iran, Iraq

Iranian leaders sought last week to dispel fears among Persian Gulf nations that they would be next in line for punishment if Iran won its 22-month-old war with Iraq. But there seemed to be little apprehension to ally on that score as Iran appeared to have its hands full just maintaining its toehold a few miles from the southern Iraqi oil port of Basra and yesterday Iran announced conditional acceptance of an Algerian offer to mediate.

Casualties and equipment losses were believed to be heavy on both sides, but there was no independent verification of specific claims of thousands of soldiers killed on both sides.

In Washington's view, Iraq achieved a strategic advantage in keeping Iran from the gates of Basra, an important industrial city of 500,000.



Iranian troops at an Iraqi border post captured during recent fighting.

just 14 miles from the Iranian border. American officials said Iranian failure to take the city was likely to fuel dissension in Teheran.

Fears aroused in the Gulf states by Iran's initial success in the latest fighting seemed to be subsiding. The Iranian Ambassador to Kuwait, the nearest of the states to the Basra battlefield, insisted last week that Iran respected Kuwait's sovereignty, "just as we respect that of other countries."

### No Philby, but Grave Enough

Of all the recent embarrassing shocks to Britain's sense of security, none is more dangerous, Government officials said last week, than the latest in a long line of spy scandals.

Although the central figure hardly fits the image of such brilliant British double agents as Sir Anthony Blunt and H.A.R. Philby, the damage to national security is thought to be immense. Geoffrey Arthur Prime, now a taxi driver who worked at the Government Communications Headquarters from 1969 to 1977, was arraigned on an espionage charge "of the gravest possible nature," and a Russian contact probably has left the country. But security chiefs said no high-level "mole" had infiltrated the headquarters in Cheltenham, the hub of British intelligence communications that handles top-secret messages from around the world and works closely with the United States National Security Agency.

A vow of silence about the scandal was imposed on everyone from Prime Minister Margaret Thatcher to the agency's 7,000 employees. Mrs. Thatcher told a restive Parliament she did not want to hamper prosecution of the case. American intelligence officials said Britain was also keeping them in the dark.

The arrest of Mr. Prime, who speaks Russian, brought a flood of reports about lax security at the agency; one high-level official said American employees "are horrified at the easy attitude" there.

### And Now There Is One

On the 51st day of his hunger strike, Sergei Petrov decided that the Kremlin's stubbornness wasn't worth dying for. So, saying he wanted to spare his family any more pain, he called off his fast last week without winning a visa to join his American wife in the United States.

Soviet authorities refused to allow Mr. Petrov, a 29-year-old freelance photographer, to emigrate on the grounds that he once worked at a military institute and might reveal state secrets. But that was over five years ago. The real reason, Mr. Petrov said, is Moscow's determination not to make any more concessions to hunger strikers, who have been inspired by Andrei Sakharov's successful fast last year.

Mr. Petrov's decision leaves only one other hunger striker, Yuri Balovlenkov, who is continuing in his three-week-old fast to join his American wife. Mr. Balovlenkov said authorities promised him an exit visa after an earlier 43-day hunger strike, but then reneged.

### Rail Engineers Lose Their Strike

Britain's striking railroad engineers might have guessed that a Prime Minister who would go to war over tiny islands thousands of miles away wouldn't hesitate to spank a defiant union at home. But they didn't, and last week Margaret Thatcher did. Under her threat to have them all fired, 24,000 engineers ended their two-week-old strike and accepted management's terms.

The pressure of mass dismissals, threatened by the directors of the state-owned British Rail at the firm suggestion of the Thatcher Government, was increased when leaders of the Trades Union Congress, Britain's umbrella labor organization, took the warning seriously and recommended that the engineers capitulate.

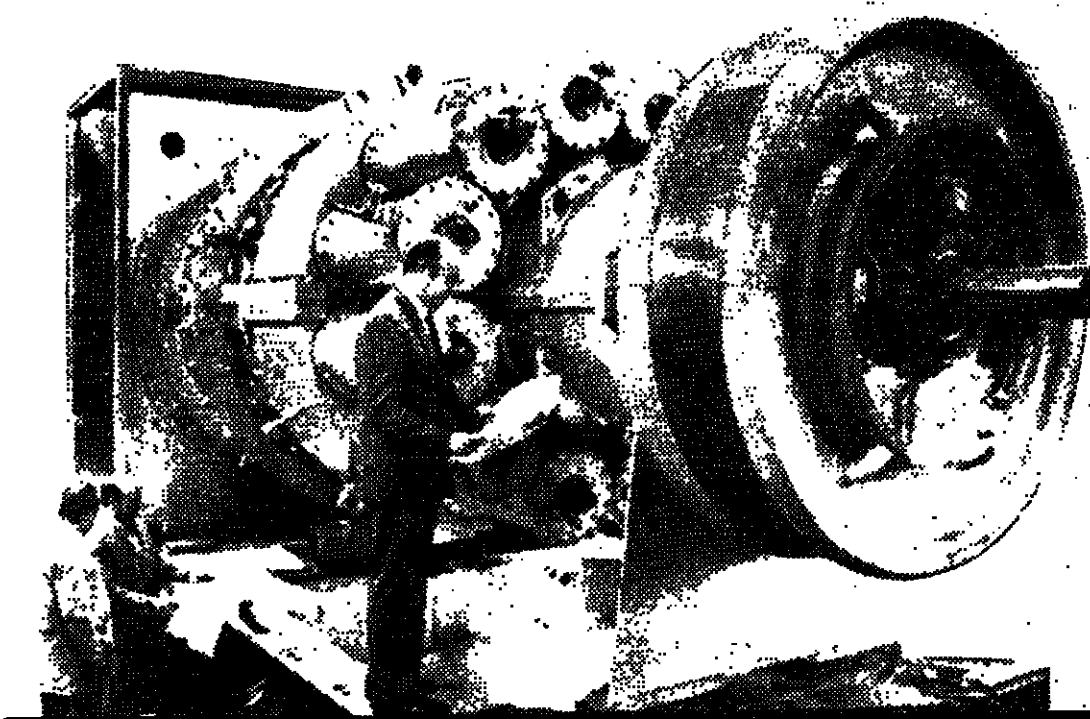
The walkout, over the imposition of flexible work schedules that the strikers saw as a prelude to layoffs, was British Rail's most severe disruption in 50 years. But with mail and freight diverted to highway carriers, it was hardly paralyzing. But it cost the rail company \$210 million and forced hundreds of thousands of commuters to improvise.

The strike was unpopular from the start with the public and with other unions that recently made concessions to strapped British industry; and thought the drivers should accept a flexible seven- to nine-hour day. Accordingly, Mrs. Thatcher's no-nonsense role in ending it added substantially to popularity gains that resulted from the Falkland war.

Cariyle C. Douglas, Katherine J. Roberts and Milt Freudenheim

## France Last Week Defied the President on the Soviet Pipeline Deal

### Allies Ask, If Carter Was Bad, Is Reagan Worse?



A gas turbine made by West Germany under license from General Electric for the Soviet gas pipeline. French, Italian and British companies are also licensed to produce similar turbines, but only the French company has a license to produce the turbine's rotors.

By FLORA LEWIS

PARIS — After their testy relations with President Carter, European leaders who thought President Reagan would lead the alliance to a smoother course have been startled into anger and distress. Tensions have been growing since Mr. Reagan's European trip last month, all the more harshly because both sides thought they had achieved understandings. In irritation, they began to accuse each other of not wanting to understand for selfish national reasons.

The latest friction is over the United States decision to embargo foreign-produced equipment for the mammoth Soviet gas pipeline and the decisions last week of France and later Italy, with support of Common Market partners, to fulfill their contracts. But so many larger issues are involved that there is a widespread sense in Europe that the alliance has never been so frayed. The Russians, editorialists said last week, could be the only winners.

In one sense, the new quarrel is but an aggravation of the perpetual inner conflict for the Europeans between the need for unity and the urge to express their sovereignty, which goes beyond material interest. West German Chancellor Helmut Schmidt said it bluntly in San Francisco, adding that America's importance in the alliance "doesn't mean it can give orders to the others." There is an inevitable double standard that makes Europeans who feel dependent on Washington for security expect Americans to be extra-sensitive to their concerns in an unequal partnership.

The pipeline deal, while it does mean jobs and exports in a time of economic crisis, touches much deeper chords than seemed to be suspected by an American Ambassador who said Europeans "want the sales so bad they don't want to know the strategic importance." The Reagan Administration has opposed the project, sometimes on grounds of punishing martial law in Poland, sometimes to put pressure on Moscow to be more conciliatory in undefined ways. But it has consistently made it a separate issue, disclaiming any relevance to controversies over steel imports, interest rates, support of the dollar, arms control, even United States grain sales to Moscow.

For the Europeans, however, American policy must come as a whole if it is to make sense, and must permit accommodation in the higher common interest. All these problems are linked in the context of East-West and European-American relations as Mr. Schmidt noted when he said, "A healthy economy is the West's main security."

French President Francois Mitterrand, who has deliberately chilled political relations with Moscow and openly supports new United States missiles in Europe, nonetheless was moved to oppose "economic war" as a step to "the second kind." Officials in Bonn said "the aim of NATO is to defend the West, not to wreck the Soviet economy." Economics Minister Otto von Lambsdorff added, "Let no one believe," that a country that has put spunk into orbit is incapable of manufacturing a relatively simple product like rotors.

Europe's arguments about the impact of United States economic policy were rejected at the last two Western economic summits and often before on grounds that these are sovereign domestic questions not up for international compromise. But Europeans who face their own domestic troubles cannot so blandly separate them from foreign affairs.

Beyond all this, however, and the reason the pipeline tip of the dangerous Atlantic iceberg has led to such an outcry, is the growing perception that there is a vast new difference in European and American analyses of East-West relations. There is profound agreement among leaders, at least, on the need to resist Soviet expansion. But concrete interests diverge on trying to preserve what remains of détente for commercial reasons and on not provoking Moscow for safety reasons. When Washington speaks of "protracted nuclear war" and drops efforts for a comprehensive nuclear test ban, Europeans are acutely aware their own lives are at stake. Little weapons can mean holocaust for them, even without global cataclysm. The new gap in thinking on what should be done to maintain peace shows in casual words. Officials on both sides dismiss the other's arguments as "hokey," "rubbish," "nonsense," terms which reflect more than a conflict of interest or disagreement on tactics.

### Doubting Reagan's Seriousness

French President Francois Mitterrand, who has deliberately chilled political relations with Moscow and openly supports new United States missiles in Europe, nonetheless was moved to oppose "economic war" as a step to "the second kind." Officials in Bonn said "the aim of NATO is to defend the West, not to wreck the Soviet economy." Economics Minister Otto von Lambsdorff added, "Let no one believe," that a country that has put spunk into orbit is incapable of manufacturing a relatively simple product like rotors.

Despite long discussion, the pipeline issue did not explode sooner because the Europeans simply didn't believe Washington was serious in its contention that blocking the deal would be the last straw for the hard-pressed Soviet economy. Only recently have they come to realize, to their amazement, that President Reagan sees the project as a watershed for Soviet capacity to maintain existing policies, and halting it as a long-term strategic opportunity.

This American approach inevitably leads to new questions about United States sincerity in arms control negotiations. Some Administration officials had argued earlier that forcing rival buildups was a way to "prevail" over the Soviet bloc's economic weakness. Even during the cold war, Washington's policy was containment, not active challenge. Last week in Washington, Mr. Reagan made an appearance at a "Captive Nations" assembly, a gesture many Europeans considered provocatively obsolete. It reminded them of Mr. Reagan's London speech about a "crusade against communism," which they had brushed aside as routine political rhetoric.

American officials in Europe speak disdainfully of "residual yearnings for détente." But for Europeans, it isn't residual. Le Monde in Paris concluded that when America issues "ukases that collide directly with the interests of countries involved, confrontation is inevitable."

## INTERVIEW: Elliott Abrams, on Administration Human Rights Policies

### Salvador Situation 'Bad' but Improving

President Reagan is expected to certify to Congress this week that El Salvador is reducing human rights violations and making advances in land reforms. Elliott Abrams, Assistant Secretary of State for Human Rights, who visited El Salvador last week, discussed his findings with Bernard Weinraub of The New York Times Washington Bureau. Excerpts from their conversation at the State Department follow.

**Question.** Has there been actual progress?  
**Answer.** There's been progress on land reform. There was certainly an attack on the program but we think that the counterattack has succeeded and that the program is moving ahead, the land-to-the-tiller program.

Progress on human rights is much harder to measure. By our measurements, which rely on the Salvadoran press, and by the measurements of virtually every other Salvadoran source including the Central American University, which is sympathetic to the left, the general trend of violence is down. There is a beginning in the last six months of punishment of military officers and enlisted men who commit human rights offenses — and policemen. That's a very important sign that you can't do this stuff anymore. Progress has been slower than we would like and the human rights situation continues to be bad. But Congress wisely asked, "Is it moving in the right direction?" The answer is yes.

**Q.** Has a lid been placed on the security forces in terms of wanton killings, lack of discipline?

**A.** Yes. Again, I do not suggest that we have very good data, but it's clear that there's been a decline. The real problem is professionalism and the command and control structure. An example — the National Guard has little posts of 15 men in almost every town (with) no communication, no radio, no telephone and no transportation. They patrol by going out and walking 10 miles in one direction and coming back. The next day, they walk in another direction. That helps explain why it's so hard for the high command to maintain control and insist on standards of behavior. One way you deal with it is professional military training, which we've done; one way is with communications equipment, of which we have given some and are giving more, and one way is to get a commitment from the high command to punish wrongdoing. We've seen more of that in the last six months. As near as one can make out, there is less gratuitous violence against civilians.

### The Guerrilla Link

I said to the head of the National Police — let's talk about human rights violations. The first thing he did was pull down a looseleaf book filled with the pictures and biographies of young National Police officers who were killed by guerrillas. He said, "Aren't those human rights violations?" When guerrilla activity goes up, government military activity goes up. Inasmuch as the guerrillas frequently hide behind civilians and travel with civilians, civilian casualties go up too.

**Q.** How concerned are we about human rights violations, the killing of Indians, in Guatemala?



Funeral for civilians killed in El Salvador; Assistant Secretary Elliott Abrams (inset).



The New York Times/George Tamas; United Press International

**A.** We have been very concerned. Under the previous Government, we did not provide military assistance because of the human rights record. The situation is improved under President (Efraim) Rios Montt, especially in Guatemala City. (Formerly) a phenomenal number of people would be killed, including Christian Democrats and other political leaders. That is completely stopped. It means political life can begin again. It's been more difficult to control human rights abuses (by) the military. As I indicated with respect to El Salvador, these are not army units that have a tradition of respecting human rights. And that may be the understatement of the year.

**Q.** What are the basic differences between the Reagan and Carter Administrations on rights?

**A.** The Carter Administration believed that public criticism was more effective than we do. In countries where we have good friendly relations and a lot of influence, we use that influence first. We have recourse to public criticism only when those private efforts have failed. Another difference may be more fundamental. I would say the human rights situation has declined drastically in what used to be South Vietnam and Iran. In the South Vietnamese Government and under the Shah, you had real and serious human rights problems, but the replacement regime is much worse. We try to ask, "Who is the likely alternative and what is that likely to mean?" We don't just ask "Are you doing bad things and should we therefore stop dealing with you?" (Former Assistant Secretary of State) Pat

Derian says, "Who knows what the future is going to bring to Iran or South Vietnam or South Korea? You act on what you know is the case at a given moment." That's wildly wrong because it produces Vietnam and it produces Iran. It would produce another such situation in El Salvador.

**Q.** Critics say the Administration is not concerned with rights in South Africa or Argentina.

**A.** False. I understand the difficulty that we are in and why we have credibility problems. (In) a country which is friendly — South Korea, Argentina, South Africa — we have a lot of influence. The first thing we try to do is to use that influence. Last week I called in, with a regional assistant secretary (of state), the ambassador from one of those friendly, right-wing countries to make a very strong protest about a human rights situation. We've done a lot of that and we have seen some benefits. But the public doesn't see it.

**Q.** You have seen advances?

**A.** Yes. One has to remember that in most countries, friendly, unfriendly, the influence of any outsider is marginal on a central political and social question. Frequently good things happen and we can't really take credit. There was an election in the Dominican Republic, in Honduras, in El Salvador, in St. Lucia. That didn't happen because we said it should. (But) there are a good number of cases where people are out of jail now, or never have gone in because of what we did. Or where torture has been substantially reduced or an election was held or the results were honored because of American influence.



## Jaruzelski Hinted That Martial Law Will Remain, If Under Another Name

## Freeing Detainees Doesn't Relieve Polish Pressures

By SERGE SCHMEMMANN

WARSAW — During the night after Gen. Wojciech Jaruzelski spoke to Parliament last week, police came to Victory Square and once again swept away the giant cross of flowers that has become the premier symbol of passive defiance in the Polish capital.

The next day, Thursday, was the national day, and formations of soldiers and military bands massed on the vast square for the festive changing of the guard at the Tomb of the Unknown Soldier. Behind the soldiers, at the center of the square, several hundred people formed around the outline of the 40-foot cross clearly etched in the gray paving stones by the smudge of votive candles that always burned alongside the flowers.

During every lull in the military music, the softer sound of religious chants rose from those around the cross. At noon, when the national anthem brought the troops to stiff attention, the Poles around the cross sank to their knees. Then, an elderly woman placed the first rose, a child the second, and by evening the cross of flowers was back, surrounded by votive lights, a picture of Lech Walesa, some Solidarity banners, and the usual crowd, chanting, praying and sometimes crying.

The return of the cross — originally formed to mark the spot where the body of the revered Stefan Cardinal Wyszyński lay in state in June last year, and where two years before that Pope John Paul II had celebrated mass — illustrated the tenacity of the popular discontent and resentment underlying the superficial order of what is known here as the "state of war." It was the fourth time since martial law was imposed on Dec. 13 that the cross had been dismantled and restored.

It is a defiance that General Jaruzelski has been unable to overcome in the seven months since he declared martial law, despite efforts to soften the edges of military rule through relaxation of various restrictions and the release of those interned without charges or trial. And it is this resistance, which has occasionally erupted into rioting or demonstrations and which the General blames increasingly on Washington, that he gave in his speech to Parliament as the reason he is unable to free more detain-



Polish internee eating a meal inside the Blaloleka detention camp near Warsaw.

ees, lift martial law, or let the Polish Pope return to Poland in August.

The stalemate between the state and the unhappy nation was demonstrated in that speech, which had raised great expectations because of its timing on the eve of the national day. General Jaruzelski spoke in the grand patriotic sentiments customary for Polish orators; he was blunt in assessing the "continued crisis" of the economy

and the "profound divisions" in the society, and he delicately avoided any reference to the Communist Party.

But the tangible measures that had been hoped for came either with conditions or not at all. The showpiece of the speech was the announcement that 1,227 detainees — including all of the women — were being released.

But 314 of these were going out "on leave," their freedom contingent on their good behavior, and 637 men, including Lech Walesa and most other top Solidarity activists, were to remain in detention. The General made no reference at all to those Poles who have been arrested under various martial law provisions since Dec. 13. According to American sources, there are 4,000 to 6,000 of these prisoners, arrested for violations ranging from distributing Solidarity leaflets to calling for strikes.

The General also said his military administration would try to end martial law by year's end. But this depended, he continued, on an "unequivocal" return to normalcy, and in any event martial law would be succeeded by a government endowed with "special powers" — most likely the powers to maintain most elements of martial law.

Probably the most disappointing for many Poles was the announcement that Pope John Paul would not come in August for celebrations marking the 600th anniversary of the national icon, the "black madonna" of Czestochowa. His visit in June of 1979 had charged the nation with much

of the fervor that Solidarity later harnessed. Negotiations on a new visit had stretched to the last day, with both Poland's Roman Catholic Primate and Foreign Minister traveling to the Vatican. But, at the end, General Jaruzelski announced that the Pope's visit could only take place next year — if, he stressed, conditions proved "appropriate." He further suggested that he expected the church to cooperate in achieving what he termed "discontinuation of actions imperiling the state's security and achievement of the indispensable degree of normalization."

On other fronts, the General and his lieutenants were even less encouraging. The question of reviving some semblance of trade unions was transferred from something called "government committee on trade union matters" to something called a "special coordinating commission." One concrete change was that Solidarity would not be revived in its former form.

The General's concessions offered little hope that Washington would quickly lift its sanctions against Poland, which have contributed to an already disastrous economic plight. The authorities, in any case, issued some of the most scathing attacks to date on President Reagan for his "captive nations" speech on Monday and its expressions of support for Solidarity.

The prevailing impression among analysts here was that after seven months of remarkably effective martial law, General Jaruzelski had little idea what to do with it next. A reshuffle of the top ranks of the Party and Government appeared to enhance further the General's already impressive powers. The mines, under military administration, were scraping up more coal to feed to the creditors, and steep increases in food prices had shortened the lines outside shops.

But the economy remained in shambles and the nation remained demoralized, defiant and restless. Or, in the General's words, "the opponent has not resigned from counter-revolutionary intentions. It wages insubstantial propaganda, uses pressure from social groups, inspires street riots, threatens general strikes..."

Against this, General Jaruzelski seemed unprepared to do more than buy time with new commissions, partial concessions, sporadic arrests and ever shriller attacks on the United States.

## A ROUNDTABLE: Afrikaners Debate Apartheid

## South Africa's Ruling Tribe Is No Longer Monolithic

Fissures have deepened recently in what was once a nearly monolithic defense of apartheid put up by South Africa's dominant white tribe, the Afrikaners. Prime Minister P. W. Botha has called a federal congress Friday of his National Party to ask endorsement of constitutional proposals that would bend the political color bar. The Government proposes a limited and symbolic role in central government for the smallest nonwhite communities — mixed-race people known as coloreds and Asians of Indian descent. When Mr. Botha spoke of "healthy power-sharing" (using a term that had been anathema to Afrikaner nationalists), extreme right-wingers headed by Dr. Andries P. Treurnicht, a former Botha Cabinet member, broke away and started the Conservative Party. Some Afrikaner students and intellectuals, meanwhile, have been defecting to the relatively liberal official opposition, the Progressive Federal Party.

The new proposals would mean an ostensible shift in power, but with no share for South Africa's 21 million blacks (in a population of 29 million). Most nonwhites have reacted with suspicion or hostility. Under the plan, the prime minister, responsible to the all-white Parliament, would be supplanted by a powerful, indirectly elected French-style president. The new president, who would inevitably be white and Afrikaner, could pick colored and Indian Cabinet members from the segregated chambers of a reformed parliament.

The Week In Review asked three Afrikaners to discuss the proposals with Joseph Lelyveld, The New York Times correspondent in Johannesburg. They were Hercules Booyesen, professor of constitutional and international law at the University of South Africa, who shares the general outlook of the new Conservatives; André du Toit, a political scientist at Stellenbosch University whose views are close to the Progressives; and Ton Vosloo, editor of Beeld, an influential, pro-Government, Afrikaans-language newspaper. Excerpts from their conversation follow.

**Question.** Where is pressure for change originating?  
Mr. Vosloo. The realization that the mileage we had in terms of old-style apartheid has come to a full stop — probably dawned in 1974 with the Angolan and Mozambique situations, and then afterwards, with Rhodesia becoming Zimbabwe. But the thing that has made the biggest impact is the realization that apartheid is not going to work in terms of numbers. (Former Prime Minister) Dr. (Hendrik F.) Verwoerd said 1978 would be the turning point — blacks would leave white areas and go back to wherever they came from. It didn't happen, so you have to make a new hard decision.

Mr. du Toit. There is growing realization among the white population that the system is not doing the job. I haven't come across many Afrikaners, even in the Treurnicht group, who believe in apartheid, the way people believed in it in the '60's.

Mr. Booyesen. One should look at the problems realistically and say that we must find some solution to our constitutional problems, especially insofar as the coloreds are concerned.

**Q.** Are the new proposals a halfway house toward a new order that would eventually include blacks?

Mr. Vosloo. I view the proposals as a confidence-building measure. You've got to make peace with the coloreds that speak Afrikaans and subscribe to Western values. From there, any politician who wants to govern will have to make a hard decision on how to accommodate blacks in a political dispensation that will not rent this country apart. If whites can manage to sell the package to coloreds and Asians, it could build a bridge; the black element will get the message.

Mr. Booyesen. I agree. Whatever constitutional dispensation we work out for coloreds will have an effect on our black politics.

Mr. du Toit. I don't agree that the colored issue is central. The real problem is between the black majority and the white minority. Going about it step-by-step, even if your goal is some future inclusion of blacks, it doesn't come across that way. It is perceived by many whites, many Afrikaners and certainly the majority of coloreds, as a scheme for bringing in the coloreds to gang up against the blacks.

What we have, apart from the failure of the old formulas, is the realization of how small the white minority is — 15 years ago we were still close to 20 percent of the population; we are now down to about 15 percent.

**Q.** What are Mr. Botha and Dr. Treurnicht fighting about?

Mr. Booyesen. The National Party believes the coloreds must be brought within the same constitutional system as the whites (and) that coloreds and whites, because they share the same language and, according to the Government, have the same culture should be regarded as the same nation. They even try to extend this perception to the Indians. Then there is this question of "healthy power-sharing." But power, constitutionally, is not like an apple; it can't be cut in two. You can bring in the coloreds, you can give them the vote, but that won't mean you share power. In the next 20 or 30 years, if the coloreds are then in the majority, they will have the real power, but we won't share power. The whites in Rhodesia (Zimbabwe) do not share power with (Prime Minister Robert) Mugabe, but they do sit in the same Parliament. If you really want to share power, you can only divide territory.

**Q.** What would you do about the coloreds?

Mr. Booyesen. You must look at whether the majority of the white population really does regard coloreds as belonging to the same group. As far as I'm concerned, that's not the case and the whole split in Afrikanerdom bears this out.

Mr. Vosloo. I disagree. Either you go into the same system and nation with coloreds and Asians, or you've got to give them separate homelands, which the whites haven't expressed the least desire to have.

Mr. du Toit. It is very misleading to say that the National Party is in favor of power-sharing and that Dr. Treurnicht and the Conservative Party are against it. Both are concerned with maintaining power. The Conservative Party believes that if you bring in the coloreds that, in the long run, will mean that they cannot be kept out from participating fully and will (eventually) have a say in central decisions. The National Party is working with various mechanisms in which the coloreds can be brought into Parliament but kept from fully participating. The crucial issue is: When you have colored representatives in Parliament, will they be able to form common cause with the white opposition party? The National Party (wants to) avoid that.

**Q.** What about black urbanization? If blacks outnumber whites in the marketplace and in factories, as high school and college graduates, can you have separate constitutional systems?

Mr. Booyesen. What is at stake is the maintenance of white democracy — how not to be dominated by blacks or any other group. (In Africa) they have adopted systems that are foreign to our way of thinking and can't guarantee the normal rights we regard as part of our heritage.

**Q.** What can you do about the urban blacks?

Mr. Booyesen. The only way is a radical sort of partition. We have given Bantustans for the blacks, but we haven't secured any areas for the whites. Cultural autonomy can only be granted in a particular territory, even if you work with a federal system.

Mr. du Toit. Blacks have been moving into the economy in increasing numbers, at higher levels; the education system has expanded greatly to cope with this, and this will continue at an increasing rate. Partition can only be proposed as a serious solution if you are prepared to unscramble the economy, which I don't think any serious politician is for one moment considering.

Mr. Vosloo. We cannot unscramble the economy. No politician is going to tear the country apart because whites want to have their cake and eat it. So you have to face the consequences — to accommodate blacks into the central political system. The solution is partial partition, with the Bantustan policy. But when we decide the future of this country in, say, the year 2020, where blacks and whites and coloreds and Indians will sit around (the table), there will be representatives of those autonomous areas or provinces. And future generations will just have to decide that the urban black element that cannot be linked up with another province or homeland will have to be brought into the system.

**Q.** But won't they demand that the distinction between urban and rural blacks be brushed aside?

Mr. Vosloo. Any politician who argues that the black man is not going to make stronger demands after having increased his education and economic status is living in a fool's paradise.

Mr. Booyesen. But it may be the whites will say: 'We have 300 years of cultural struggle behind us and we won't accept this.' The whites can, and I think will, get more militant. This country can be put on fire, not only by blacks, but by whites too. Apartheid has, to a certain extent, given whites a false sense of security. But take away the system, and see what will happen then.



Dancers at an integrated club in Johannesburg.

'Apartheid mileage is at a full stop'

Ton Vosloo



'Power can't be cut in two like an apple'

Hercules Booyesen

'A scheme to gang up on blacks'

André du Toit



Mr. Vosloo. But, Professor, any shot fired in real anger, in a grab for power, if the whites do that, they are going to lose out in the long run.

It's quite interesting that the coloreds have now basically accepted Western values; the Indians subscribe to them. By their acquaintance with whites, they will become part of the system and the next target is to do that to the urban blacks.

**Q.** How would you react to this discussion if you were a black intellectual who wanted to operate in a democratic system?

Mr. Booyesen. You can't say that the blacks, the rest of Africa, have adopted democracy as we understand it. One homeland leader said not long ago, 'the vote is from the devil.' As long as they believe that, we can't get the sort of solution that is based on democracy.

Mr. du Toit. We have a pretty far-developed industrial economy, which is different from the rest of Africa. To maintain social stability, that economy must be kept going. All political leaders know that. That is going to be a major consideration of any black leader, if and when they come into the political game. Political claims will be moderated, not because people believe in democracy, or they're black or white (but) by the economic context.

Mr. Booyesen. But they will change the economic sys-

tem and bring in their own brand of capitalism or African socialism.

Mr. Vosloo. Our economic system is so deeply entrenched and so firmly capitalistic that it cannot be upset, because even the blacks realize that in a final shake-out they will only be able to overturn the system by a violent revolution. The white and his allies, 2.5 million coloreds and 750,000 Asians, if they form a power block of eight million Westernized people, will prevent violent revolution. That is what this Government is trying to achieve.

**Q.** If it fails to engage credible colored or Asian leadership, would that be the end for peaceful change?

Mr. Booyesen. We can't go on as we have. We will have to try to bring proposals through various other parties that are acceptable to the whites.

Mr. du Toit. These proposals can be regarded as failures if they are rejected by the white electorate. But the proposals have failed in a much more fundamental form. We have neither a serious deal being offered for political inclusion to the coloreds and Asians nor a serious constitutional proposal differing in any marked way from what we (now) have. The consequences will be general distrust in the possibilities of constitutional reform.

Mr. Vosloo. If these proposals are rejected by coloreds and Asians, we are going to have a level of frustration that could be very dangerous. For the present Government, it is going to have serious consequences at the ballot box, because there would be a tendency then to drift away to the right wing. (But) if the Government makes the proposals to coloreds and Asians, it could really make the present Government the central party.

If you have three separate chambers (of Parliament), white, colored and Asian, under one roof, it could be stigmatized as a form of apartheid, but that is marked advance in South African terms. The President's Council, a mixed body, would become permanent, replacing the old Senate, which was all-white. If that isn't advancement, I don't know what the word means.

Mr. Booyesen. Not advancement in the direction of democracy; it is unelected.

Mr. du Toit. Three chambers of Parliament is totally unworkable. It has been rejected in the President's Council report itself. There is no chance that the coloreds and Asians will accept it.

**Q.** How long in a situation of in-fighting and conflict over values can white domination be preserved?

Mr. du Toit. We're watching the terminal phase of Afrikaner nationalism. Afrikanerdom — socially, economically, culturally — is no longer unified. In two or three years, there will be very serious efforts at reunification. The political price will be the head of Mr. P. W. Botha. My guess is that those efforts will not be successful and that there will probably be further splits and sub-splits, a prelude to a period of coalition politics among different groups within the white community and, finally, groups outside — coloreds and Asians and black groups.

Mr. Booyesen. One shouldn't underestimate the Afrikaner's will to survive politically, to maintain his culture and what he regards as important. The Afrikaner has a long tradition of fighting for his own. We should try to show them that they won't lose everything, that they won't be Zimbabwe.

Mr. Vosloo. If the Prime Minister's moves to woo the coloreds and Asians are successful, if he brings off a solution in South-West Africa, or Namibia, that is acceptable to most of the people here, then we are going to have a new phase of really going ahead.

BROADWAY 80

I'm glad I changed...



# The Nation

In Summary

## Of Nerve Gas, MX and Three Martini Lunches

Some of his colleagues "may feel something has gone haywire," Representative Samuel S. Stratton, the strongly pro-Pentagon New York Democrat, conceded last week. But no "damage" to "major programs." Mr. Stratton went on to insist, would be done by cutting the Armed Services Committee's recommendation for 1983 military spending by \$3.2 billion, thus hitting the \$17.1 billion target set by Congress's first budget resolution for 1983. And so voted the House. An air of unreality hung in the Senate chamber as well. There, almost to the day from approval of the Reagan Administration's three-year \$435 billion tax cut — benefiting mostly business and the well-to-do — the Senators debated and then passed a three-year \$99 billion tax increase — to be paid, mostly, by business and the well-to-do. It too was mandated by that budget resolution that was designed to hold the deficit somewhere near \$100 billion.

In the House, business returned quickly to the more usual as the representatives, customarily more hawkish than their Senate comrades, got down to the particulars of voting more for the military than ever before in peacetime. With one important exception and one close call, they voted the way the Administration wanted. The exception came on the White House's plan to resume production of nerve gas, halted in 1969 by a Nixon Administration moratorium. The \$54 million the House deleted, 251 to 159, would go to the first of a new generation of chemical weapons called binaries, approved two months ago in a narrow Senate vote. The matter now goes to a House-Senate conference, where sup-

a special Senate committee last week proceeded repeatedly to portray the agency's Abscam political corruption inquiry as uncontrolled persecution.

The panel was created to review the F.B.I.'s Abscam tactics after one prominent member of the club, Democrat Harrison A. Williams Jr. of New Jersey, was caught in the Government's net and forced to resign. As the first week of public questioning unfolded, it was clear that many committee members thought the bureau, whose handiwork led to the convictions of six other members of Congress, had operated on much too long a leash. So did James F. Neal, a former Watergate prosecutor and counsel to the committee, which is scheduled to continue hearings this week. In particular, he questioned the reliability of a key agency informant, Melvin Weinberg, who was once fired from an F.B.I. job.

"You need a Melvin Weinberg to start one of these operations," countered Francis M. Mullen Jr., executive assistant director of the bureau. "We're well aware we're not dealing with Boy Scouts." He and other agency witnesses maintained that Abscam had begun as an operation designed to nail purveyors of hot property, not Congressmen. Further, he insisted that the agency's internal controls were rigorous enough to keep it from unfairly stalking honest folks. In the Abscam affair, Mr. Mullen added, "If we had not followed our leads to their logical conclusions, the F.B.I. would not have fulfilled its obligation to our nation."

Asked if the agency's undercover sheiks would have offered a bribe to, say, a majority or minority leader of the Senate or House, or to a Supreme Court Justice, Oliver B. Revell, assistant director in charge of the bureau's Criminal Investigations Division, replied, "We would have gulped and gone ahead."

## Opening Shots Over Wilson

Concluding that the word of a man who had to be tricked into handcuffs is not worth much, a Federal judge last week refused to reduce the extraordinarily high bail — \$20 million — set for Edwin P. Wilson.

Mr. Wilson, a former American intelligence agent who moved his base of operations overseas prior to being indicted in 1980 on charges of providing illegal assistance for Libyan terrorists, has been in Government custody since mid-June. Federal District judge John Lewis Smith Jr. said in Washington there could be "substantial risk of flight" were the bail to be reduced substantially. But he refused a Government request that Mr. Wilson should be held without bail because he had threatened to assassinate E. Lawrence Barcella Jr., an assistant United States Attorney and chief prosecutor in the case.

One of Mr. Wilson's lawyers said the accusation was "incredible." Another defense attorney got off a shot of his own. Herald Price Fahringer, who said that the bail decision would be appealed, warned that if the Government brings Mr. Wilson to trial he "will be forced to reveal information that will shake the C.I.A. to its foundations."

Meanwhile, the list of alleged misdeeds grew even longer. A Federal grand jury in Houston, one of four across the country looking into Mr. Wilson's dealings with Tripoli, indicted him and two other men on charges of illegally shipping 40,000 pounds of plastic explosives to Libya in 1977. Yesterday, it was disclosed that Mr. Wilson was planning a covert intelligence organization in Central America, in the apparent hope of trading information for leniency.

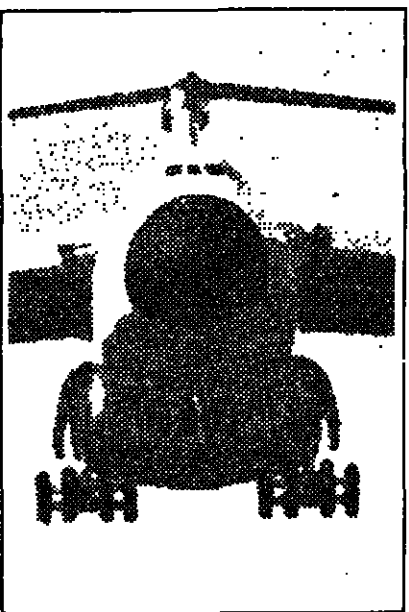
## Smith Is Fine After Inspection

Attorney General William French Smith was certified as 99 percent clean last week.

Solicitor General Rex E. Lee, announcing the results of a two-part inquiry, said there was no need to ask for an independent special prosecutor to look into a \$50,000 severance payment Mr. Smith received from a California steel firm two weeks before joining the Reagan Cabinet. Further, Mr. Lee said the department had concluded that no further action was needed after its separate investigation into tax deductions his boss claimed from certain oil and natural gas exploration ventures.

However, the department's Office of Professional Responsibility noted that after becoming the nation's number-one law enforcement officer Mr. Smith had invested in a tax shelter that used a method of benefit calculation disapproved by the Internal Revenue Service. The investment amounted to a "technical violation of a Department of Justice regulation," Mr. Lee said, but the matter wasn't worth pursuing because Mr. Smith had announced in May that he would take no tax deductions exceeding the actual cash he invested.

Michael Wright  
and Carolane Rand Herron



A C-5 Galaxy transport coming in for a landing.

porters of the Administration's contention that production is necessary to deter a large Soviet chemical warfare capacity will do battle with those who maintain that the United States stockpile is adequate.

Also to be fought over in conference is the progress of the MX missile and the purchase of a new military cargo plane. By just three votes, 212 to 209, the House last week gave a go to production of the missile that no one yet knows how or where to base; in May, the Senate cut production funds until a basing decision is reached. On the airlift, the House surprised itself again, voting by a lopsided 289 to 127 to buy what the Pentagon wants, 50 Lockheed C-5B's, instead of following the Senate's suit, freight versions of the Boeing 747 commercial jet.

By week's end, another — and extraordinary — House-Senate reversal was building on taxes. After an all-night session complete with pre-dawn snappishness, the Republican Senate approved, 50 to 47, a revenue raising bill largely as approved by the White House. Its assorted means include imposing a 10 percent withholding tax on dividends and interest, restricting how much corporations can save by selling their tax breaks to each other, raising the levies on cigarettes and telephone service, reducing medical deductions and — in a 4 A.M. surprise — disallowing half the cost of most business meals.

The Democratic House's means are different. By tradition, tax measures originate in the House. This year, politics may override precedent. With rebellious Ways and Means Committee Democrats squabbling, House Speaker Thomas P. O'Neill Jr. declared that an election-year tax bill should be a Republican liability. Ways and Means chairman Dan Rostenkowski was already considering moves that would permit conference with the Senate before a House-passed bill.

## Old Wounds Still Bleeding

Forget? Fat chance. After asserting deadpan that they bore no grudges against the Federal Bureau of Investigation, members of

Chief Economist Weidenbaum Resigned Last Week, Making a Disclaimer

## Is Recovery Around Another Corner?

By EDWARD COWAN

WASHINGTON — A few days before he resigned as chairman of the Council of Economic Advisers, Murray L. Weidenbaum discussed the Reagan Administration's midyear economic review — twice postponed and now due out this week — with a reporter. Even in advance, it was known that the White House would offer an optimistic economic forecast, as it has invariably done under other Presidents. Would he, Mr. Weidenbaum be asked, make an equally optimistic forecast if the client were someone other than the President? No, he said, he would not — and he added with emphasis, he had taken pains to make sure that Mr. Reagan knew as much.

The fact that Mr. Weidenbaum felt obliged to warn the President the forecast was too optimistic and felt impelled to protect his own professional reputation by acknowledging the disclaimer, underscores the difficulties Mr. Reagan is having with the management of economic policy.

The basic economic facts are these. Though the Consumer Price Index rose a full 1 percent in June, for the second month in a row, the Administration has been successful in driving down inflation from about 10 percent a year to 6.5 percent. But its supply side tax-cut strategy for stimulating the economy seems to be overwhelmed by the tight-money policy of the Federal Reserve Board, which the Administration also supports.

As the most recent statistics show, the Administration's predicted spring rebound from the eighth post-World War II business cycle recession did not materialize. Although the Commerce Department's estimate for the gross national product in the June quarter put the economy's growth after inflation at an annual rate of 1.7 percent, other reports last week — a further decline in industrial production, a 15 percent drop in housing starts after two monthly rises, an 1.6 percent drop in orders for durable goods — suggested that the economy continued to contract. As for the rise in G.N.P., it looked like a statistical fluke. Despite a decline in overall final sales, the total moved up because of a build-up of stocks of unsold new cars and a slowdown in other inventory liquidation.

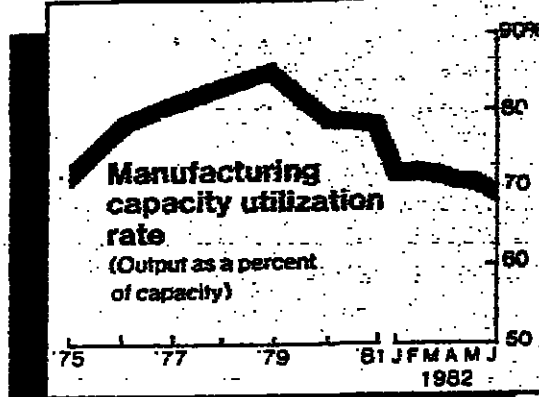
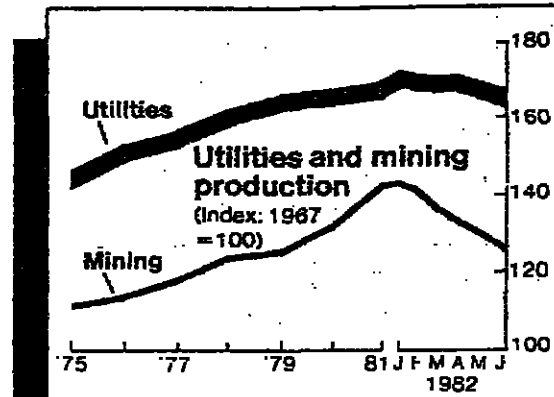
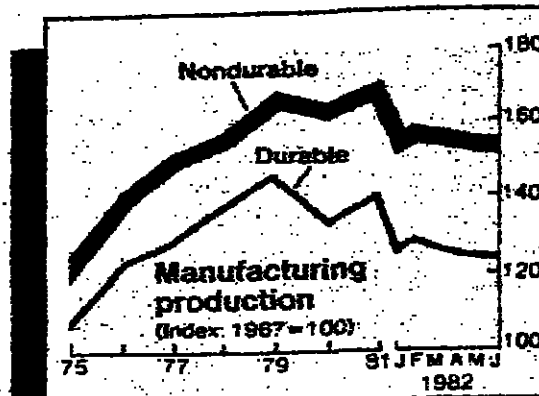
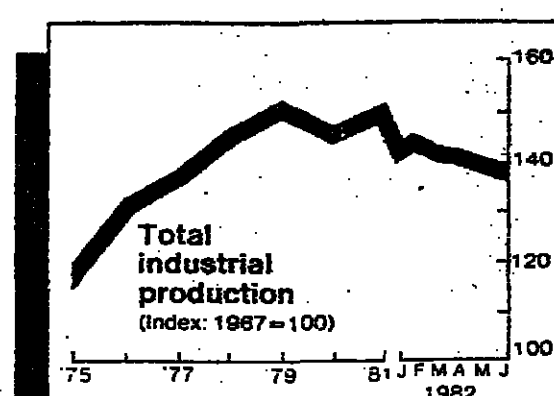
Whether the economy wiggled up a smidgeon or down a jot in the spring really doesn't matter. The issue that worries the White House and Congressional Republicans is where the economy goes from here. More exactly, will business pick up enough before Election Day to make a respectable dent in the record postwar unemployment rate of 9.5 percent? Or will the recovery most analysts still predict be tentative and lackluster?

For the White House, the outlook is gray. The Administration has long since backed away from its winter forecast of a recovery starting in spring and unfolding in summer and autumn at a brisk annual rate in excess of 5 percent. Though Mr. Weidenbaum maintained last week that his resignation had nothing to do with a disagreement about the midyear forecast, the White House insisted on 4.5 percent for the rest of 1982. Some private forecasters expect 2 to 3 percent.

Perhaps most ominous is that in the past few weeks, as the May and June figures came in, most analysts revised their forecasts downward. On Friday, Treasury Secretary Donald T. Regan con-

## The nation's sagging output

Source: Federal Reserve Board



ceded obliquely that the 4.5 figure was probably too high. The figure, he said, had been prepared before the unfavorable June data were out.

Why is the recovery elusive? Most analysts blame high interest rates. The cost of credit has come down since winter but is still universally regarded as too high to permit a strong, sustained recovery. Why interest rates remain very high after a year of recession provokes much discussion. Liberal economists blame the Fed's monetarist approach. Secretary Regan, echoing his monetarist undersecretary, Beryl W. Sprinkel, blames the Fed's operating techniques. But many analysts regard that as a minor part of the problem.

While politicians and analysts alike clamor for the central bank to ease up, chairman Paul A. Volcker offered Congress little comfort in his mid-year review last week. In commenting on the economic news, the President also once again opposed any overt shift, or "quick fix," as he put it, on the grounds that "pouring printing press money into the economy" would produce more inflation, and then recession. Given this view of monetary policy, the Administration can do little more about interest rates than hope, and pursue smaller budget deficits.

Disquiet about the economic situation came to

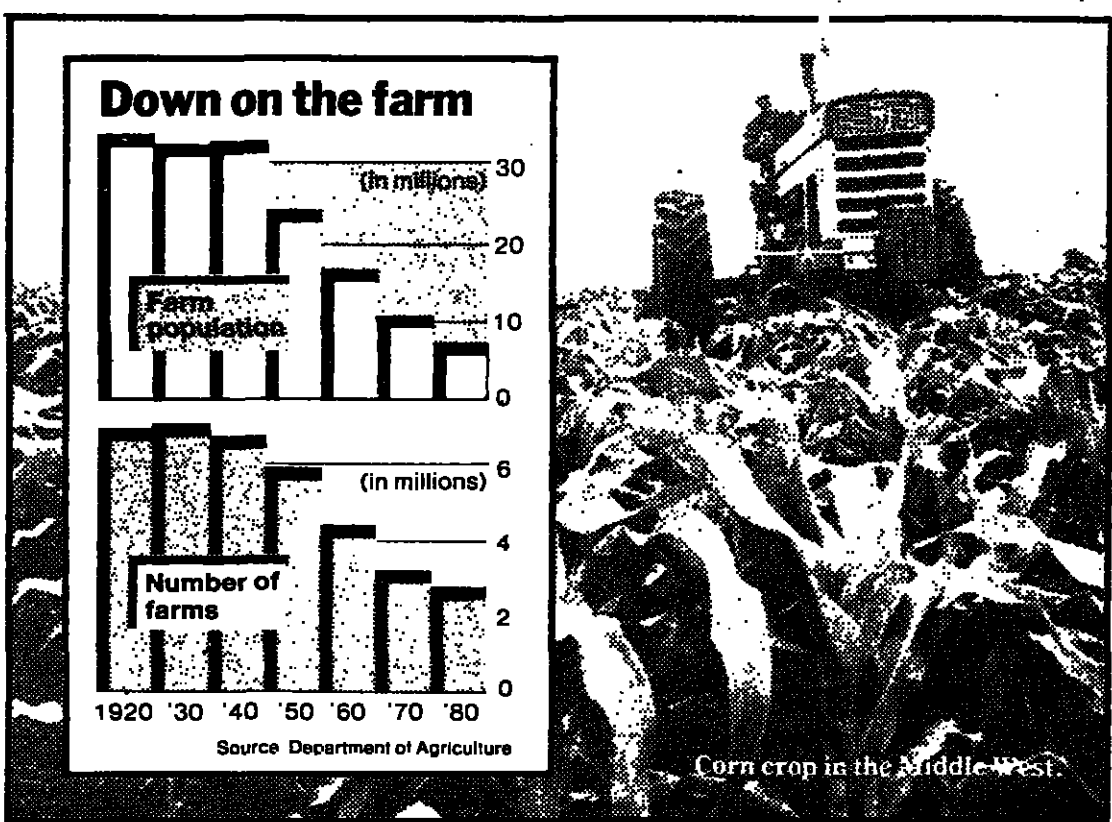
the surface several weeks ago when Secretary Regan asked his staff for a policy review and a list of possible new directions. The budget director, David A. Stockman, has tried intermittently for more than a year to reduce revenue losses from tax reductions and to cut into the big build-up of military spending. But like Mr. Weidenbaum, Mr. Stockman has been determinedly loyalist in his public statements.

The President's difficulties in managing the economy seem to have been reflected in an unusually high quit rate among economic officials. The Treasury has lost an undersecretary and an assistant secretary and the State Department two officials of the same rank who had responsibilities in the economic domain.

Mr. Weidenbaum is the second of the three-member economic advisory council to resign this month. Jerry L. Jordan, who had responsibility for forecasts, also departed, partly for personal reasons. Just as Mr. Weidenbaum was not Mr. Reagan's first choice to head the council a year ago, the President could have a lot of trouble replacing him. A new chairman will have his work cut out for him. For unless the economy suddenly turns peppy, Mr. Reagan will be forced to ask himself whether his faith in his own economic policy needs to be reconsidered.

## Support Payments and Loans Could Cost \$11.4 Billion This Year

## Usual Federal Tinkering Won't Help Farmers Now



By ANN CRITTENDEN

Conventional wisdom has it that America's farm land cannot produce significant amounts of fuel for gasoline without painful sacrifices in food production and prices and greater erosion. But a recent study by Barry Commoner's Center for the Biology of Natural Systems concludes that the country could have its cake and its cars too.

The report, the result of three years of research funded by the Ford Foundation and the Department of Energy, utilizes a sophisticated computer model of four basic types of Middle Western farms. It finds that if beef farmers in the Corn Belt switch to corn and sugar beets (to be used for feed and to be sold for ethanol), by 1995 they could meet 22 percent of the expected demand for gasoline (or enough to fuel all of the country's cars) without any loss in food production. At the same time, they would generate almost \$15 billion a year in additional profits for themselves, and the switch to corn and beets from the current mix of corn and soybeans would reduce soil erosion.

The findings also indicate that farmers might

begin to share in the same kind of windfall profits currently enjoyed by those who own oil fields. The relief would come none too soon. American agriculture is currently in the grip of the worst downturn since the 1930's. Among the signs:

- As of June 1, 33.9 percent of loans by the Farmers Home Administration were delinquent.
- Since October of last year, 5,585 borrowers have left farming because of foreclosures and liquidations, with 1,577 pulling up stakes in May alone. The total number of farmers leaving the land is unknown, but is certain to be drastically higher, according to agricultural economists.
- Farm indebtedness is now 12 times higher than farm income, an unprecedented ratio.
- Farm land is declining in value for the first time in nearly 30 years. Values declined by 7 percent in Missouri last year, for example.
- Since the 1980 election, costs of farm production have risen 9 percent, while income from sales of farm commodities has fallen by 5 percent, the Department of Agriculture says. The price of wheat, for example, is down by about \$1.00 a bushel since November 1980.

"Things may not be as bad as during the Great

Depression, but there are too many parallels to view this as an ordinary business recession," Harold Bremeyer, an agricultural economist at the University of Missouri, commented. "There is a snowballing negative effect at work that is very disturbing." He and others do point out that not all farmers have been hurt by the current crisis. Older farmers not in debt have escaped the worst ravages of high interest rates, and few tears are being shed in the Farm Belt for the high rollers who overborrowed to buy up their neighbors' land and expand their operations. The real victims, many feel, are the younger people who entered farming in the past five years. Like other farm debtors, they are now caught between high interest rates and rising costs of production and declining land values and lower commodity prices.

The Administration and Farm Belt legislators have put forward proposals for relief. None of the proposals, however, distinguishes between new, lower-income farmers and wealthy farm operators who are temporarily strapped for cash. All of them involve huge Federal outlays, the removal of more land from crop production, and the promotion of farm exports, perceived as the major way out of the current production glut.

The Administration's latest policy move, announced on July 14, calls for additional farm export credit financing and advanced deficiency payments for wheat producers who agree to reduce their 1983 acreage by at least 20 percent. Alternative legislation, backed by Representatives Tom Daschle and Tom Foley, Democrats of South Dakota and Washington respectively, among others, passed a House subcommittee on wheat, feedgrains and soybeans last week. The two separate bills, together referred to as a revised Farm Crisis Bill, would set up a \$1 billion revolving fund for farm export credit and offer farmers even greater financial incentives to set aside land in order to get production down, prices up and to conserve soil.

Critics argue that these approaches have two fundamental flaws. First is the expense. The Congressional Budget Office has estimated that the net cost of farm price and income support payments and loans could come to as much as \$11.4 billion this year, the equivalent of one-sixth of the roughly \$70 billion that farmers are expected to gross on the supported commodities.

Moreover, many economists maintain that the deepest problems in the farm sector stem from fundamental macroeconomic forces that are not solvable by tinkering. High interest rates, lagging domestic demand for more expensive foods like beef, and the effect of a stronger dollar on exports all have powerful negative effects on the farm economy that can be alleviated only slightly by the measures currently under consideration.

Fortunately not all of those deeper forces are working against the agricultural sector, as the report on food and energy confirms. Nevertheless, Mr. Commoner pointed out recently, the opportunity to enter into fuel production "will give an enormous advantage to the present owners of farmland. It will make the value of farmland rise and make it that much more difficult for the small man to get in. It's liable to make farming even more of a rich man's game."



# The Economy

## Trouble Inside The Big Vaults

By ROBERT A. BENNETT

**T**HE American banking industry has been badly shaken. Two of the nation's largest, most profitable and best-respected banks — Chase Manhattan and Continental Illinois — have done what no money markets banks in recent history have done. They have lost money, plain and simple.

It happened because the banks did what big, smart city banks don't usually do: They made deals worth \$100 million, \$200 million, even \$1 billion with high-flying, obscure concerns that other major banks had turned down flat.

Both Chase Manhattan and Continental invested in the energy boom with Penn Square Bank, a fast-growing Oklahoma City institution that was on the Government's "problem bank" list from 1980 until its sudden demise on July 5. Chase also channeled billions of dollars worth of government securities to Drysdale Government Securities Inc., a lilliputian-sized firm that collapsed with a resounding thud in May.

The resulting damage for Chase was a \$16.1 million second-quarter loss, the demotion of one of the bank's most promising young officers, the firing of nine others and a good deal of lost face at Chase's Wall Street headquarters. For Continental, a smaller bank, the loss was bigger: \$60 million for the quarter. Though no heads have yet been severed at Continental, the story is still unfolding as the bank itself tries to figure out what happened.

"If you're not concerned about the banking system after all this, you would have to be unconscious," said Lawrence R. Fuller, vice president and bank stock analyst of Drexel Burnham Lambert. "While people have been worrying about Poland's debt or International Harvester's problems, we've been hit from behind by totally unexpected and staggering bank losses."

Chase and Continental are not the only ones embarrassed by these events. Bank stocks in general plunged following the disclosures. And bank stock analysts, who were overwhelmingly bullish on both banks just months ago, are trying to understand what went wrong. In Washington, bank regulators in the Office of the Comptroller of the Currency are being raked over the coals by legislators who wonder who was asleep at the helm of the regulatory effort.

The problem, in part, may be one of sheer size, said Fernand J. St. Germain, chairman of the House Banking Committee. Chase is the nation's third-largest bank; Continental, the sixth. "Sometimes the departments in big banks take shortcuts to compete with each other and wind up going off the deep end," he said. The Democrat from Rhode Island is more concerned by the failures of regulation. "It's a little distressing to come upon a situation like Penn Square where the regulators knew there were problems long ago and to find that they have not been utilizing the tools they have to prevent what occurred. They exercised a little too much restraint."

A deeper worry, expressed by some, is that the problems at Chase and Continental may not be isolated instances. Some regional banks, which followed the big banks' lead and dealt with Penn Square, have substantial losses to show for it. Beyond that, there is some concern that a lack of confidence in banks generally could have a damaging ripple effect on other parts of the troubled American economy. Representative St. Germain, however, insists that despite the recent problems the great majority of American banks are well run.

**N**EITHER Chase nor Continental has publicly explained how it got into trouble. But at Chase the mistake was at least twofold. The bank transferred about \$4 billion of government securities to tiny Drysdale, a New York securities dealer with only about \$5 million of its own capital. Chase's second mistake revolved around Penn Square, a small bank whose forte was lending money to wildcat oil and gas producers in Oklahoma and peddling pieces of the loans, which eventually turned sour, to banks elsewhere. Chase bought in for about \$212 million.

Continental went for more. The Chicago bank had an elephantine appetite for Penn Square loans and purchased about \$1 billion of the \$2 billion in participations peddled by the small bank.

As banking experts try to figure out what transpired, a theory is evolving that the problems at Chase were less serious than they were at Continental. This reflects the view that at Chase the mistakes were confined to one area of the bank — the institutional banking department — where last week's firings took place. At Continental, analysts say, the problem seems to have been more widespread and the solutions may be more difficult to engineer.

Continental's loss was particularly jolting to analysts because of its exemplary past. It, almost alone among the big banks, managed to avoid big real estate losses in the mid-1970's. Its profits have been consistently a notch higher than most other banks, and its management projected a highly conservative image. "We do have a subdued style," said John H. Perkins, Continental's president, in an interview last year.

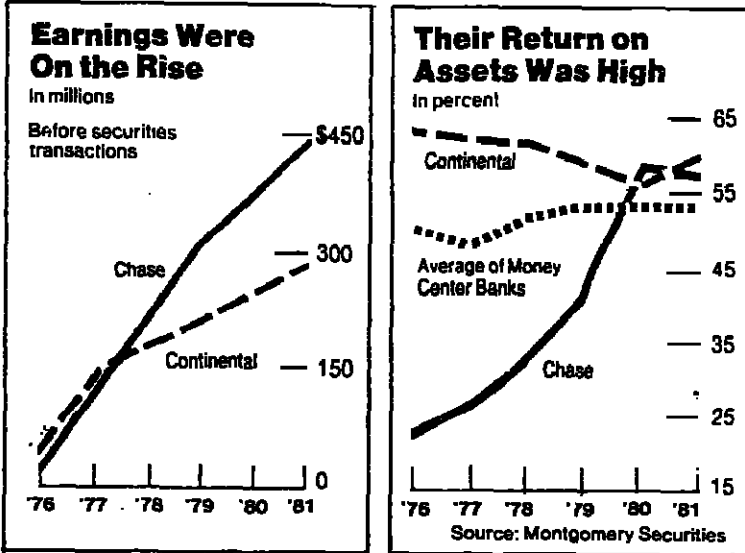
Now analysts worry that Continental's management was not just subdued, but asleep. "Even more disturbing than the size of the loss is the fact that the management apparently didn't see it coming," said Kenneth F. Puglisi, an analyst with Keefe, Bruyette & Woods, a leading bank-stock firm.

Thus, the fear persists that the roots of Continental's problems may run beyond Penn Square. Its profitability stemmed from an aggressive lending policy to domestic companies, which was fine when the economy was booming, but which became a lot trickier with a deep recession and disinflation. Its problem loans — not only those involving Penn Square — have grown rapidly over the past year and they now total \$1.3 billion, 3.7 percent of the bank's total loans and about double the rate of other major banks. Penn Square only accounted for \$151 million of the total.

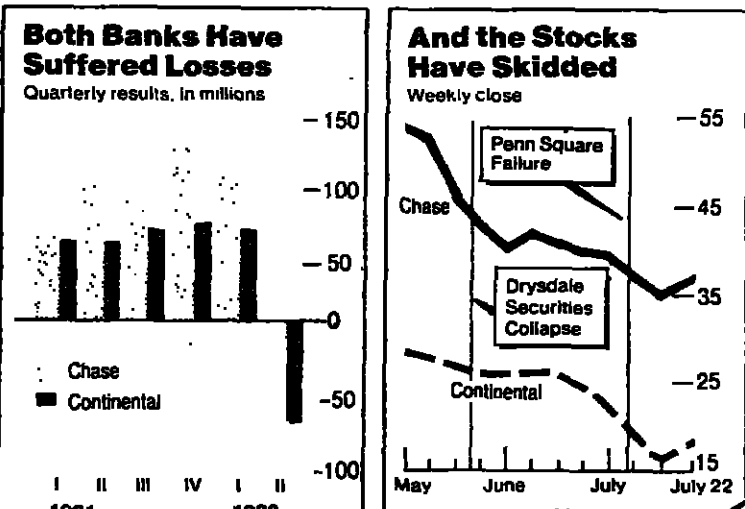
**A**NOTHER worrisome fact is the bank's insistence earlier in the year, as reports began reaching securities firms of Continental's involvement with Penn Square, that it had given the Penn Square participations the same care and analysis as any energy loan on its books. Following the Penn Square collapse, Keefe, Bruyette wrote: "We sincerely hope (and expect) that this... will turn out to be the truth." But, Keefe continued in its report, "whatever the case may be, the situation is deplorable.... In fairness to Continental, the likelihood they were defrauded must also be considered. However, the possibility that they were duped does not strike us as being much better than the other two possibilities."

In the earnings report that was released last week,

### Chase and Continental Looked Good...



### ...But Bad Deals Have Left A Scar



Roger E. Anderson, Continental's chairman, sought to reassure the public. "We believe the Penn Square loan participations represent a unique problem," he said.

Despite Mr. Anderson's assurances, doubts remain. Many analysts are especially disturbed that the losses were in energy loans, where Continental had a top-notch reputation. About 25 percent of its total loan portfolio is related to energy, a far higher percentage than at most banks. In early 1981, Mark Bideman, an analyst for Oppenheimer & Company, who recommended Continental stock to his clients, wrote: "The most interesting aspect of Continental's lending operation is its energy expertise."

Now it appears that much of Continental's "expertise" in the energy field was really Penn Square's. Only six years ago, Penn Square had been an ordinary \$30 million, consumer-oriented shopping-center bank. Then it was taken over by Bill P. Jennings, a colorful, white-haired entrepreneur who had close ties with small energy exploration and service companies.

By generating hundreds of loans to such companies, and selling the bulk of them to banks elsewhere in the country, Mr. Jennings, now 58 years old, created an institution with assets of about \$300 million.

When Mr. Jennings took over Penn Square just about everyone thought energy prices could go in only one direction — up. There seemed to be little risk in energy lending, even to marginal producers who were willing to pay higher-than-average interest rates.

Big city banks, although eager to increase their lending to smaller oil-and-gas producers, found it difficult to break into the business by themselves. The oil-patch operators are a tightly knit bunch, not the types that pinstriped bankers from Chicago, New York and other Northern cities mingle with easily. The cigar-toting Mr. Jennings offered to bridge that cultural gap.

**N**OW, with energy prices falling and with many small, under-capitalized producers failing, many bankers wish they had stayed in their own back yards.

Chase is one of them. Its institutional banking department, where the Penn Square loans were approved, was started in the early 1970's, when the bank's former United States division was split into two separate units, corporate and institutional banking. The corporate department was viewed as the hard hitter, responsible for lending to big domestic companies. The institutional banking department was designed as a service center for Chase's financial-company customers; it was not meant to be a big profit producer.

Thus, institutional banking was manned with senior operational people, whose expertise was in such technical activities as safe-keeping securities, not in making loans.

But in 1976, as Chase began emerging from serious earnings problems it had encountered earlier in the decade and as it became increasingly determined to bolster profitability, the institutional banking department was swept up in the new mentality. It discovered that a lot more money could be made by lending than by charging fees for services rendered. Thus, the department — still primarily a service operation — began participating in loans generated by its customers, generally smaller financial institutions. A Federal law that prohibits most banks from lending more than 10 percent of their capital to any one customer severely limits the lending ability of most small banks. Often, however, a small bank wants to make a bigger loan to a single customer and in such cases "participates out" the excess to a larger bank, such as Chase.

The institutional banking department took to this lucrative business enthusiastically, especially with Penn Square. At times, however, the department ran into conflict with its former partner, the corporate banking division. When institutional banking came up with a big loan, corporate banking usually would claim the loan for itself, irritating the institutional banking people, who received bonuses based on their department's profitability.

"As long as you came in with a \$5 million or \$10 million participation, corporate would leave you alone," said an officer of the bank. "But if it was \$30 million or \$40 million, corporate would take it." Penn Square offered a lot of smaller-sized loans.

According to some lower-ranking officers within

Chase, part of the problem was the bank's drive for ever-greater profits. "There was pressure from the top to produce profits and growth," said one officer. "You would have to stretch."

In stretching, some rules were broken. One was the requirement that all loans made by the institutional banking department be checked by the division within the corporate banking group that specialized in that type of loan. Another was that before a loan was made to a new customer it had to be approved by a second officer who had the authority to lend more money than the first.

According to some sources within the bank, the extra push for profits did not stem from general bank policy but from the "ego needs" of 49-year-old William R. Hinchman, an executive vice president, who headed the institutional banking department until last fall, when he was shifted to another area in an apparent demotion. Mr. Hinchman was asked to resign last week.

**D**RYSDALE, the high-flying securities firm, also offered the institutional banking department lucrative profits, though in the form of fee income. To the neophytes in institutional banking, who appar-

ently had not checked with Chase's money market experts, the business seemed risk-free. Acting as a middleman, the department charged fees for arranging loans of government securities among securities dealers. When the government paid interest on a loaned security, the borrower was expected to pass that payment on to the lender.

Chase charged a fee for its middleman role and the larger the amount of securities involved, the larger the fee. Thus, despite Drysdale's poor reputation, and despite its tiny capital base, it was able to borrow about \$4 billion of securities through Chase.

But Drysdale proved that the business was not risk-free. Apparently by using the securities to speculate in the money markets, Drysdale lost so much that it was unable to meet interest payments of \$285 million. Chase agreed to take the loss.

With second-quarter losses at Chase and Continental now available, the markets have become calmer. There was even an upward tick in the banks' stock prices this week. But the management of some large banks admit to worries that one morning they, too, may wake up to discover totally unexpected and large losses.

### WEEK IN BUSINESS

Consumer prices rose 1 percent in June, the Labor Department said, with most of the increase coming from higher gasoline prices. The rise matched May's jump and was sharply higher than the two-tenths of 1 percent rise in April, but economists still expected an annual inflation rate below 8 percent.

The Senate enacted tax increases intended to cut budget deficits by raising \$99 billion of revenue over the next three years. The measure, which included a 10 percent withholding tax on stock dividends and interest, took back more than a third of corporate tax relief voted last year. It raised taxes on cigarettes, phone service and airline tickets, and cut deductions for medical expenses and business entertainment. It faces uncertain action in the House.

The gross national product rose at an annual rate of 1.7 percent in the second quarter, the first upturn since last summer, the Commerce Department said.

Chase Manhattan lost \$16.1 million in the second quarter as a result of its dealings with Drysdale Government Securities and Penn Square, an Oklahoma bank that failed. Another bank, Continental Illinois, said it lost nearly \$61 million in the quarter, largely because of its dealings with Penn Square. C. T. Conover, the Comptroller of the Currency, asked for an investigation of his office's handling of Penn Square's difficulties.

Representative Timothy Wirth unexpectedly withdrew his bill to modify the A.T. & T. antitrust settlement, saying a campaign of "fear and distortion" by A.T. & T. had made its enactment uncertain.

New car sales fell 17.2 percent for the Big Three auto makers in the July 11-20 period.

The nation's basic money supply fell by \$100 million in the week ended July 14, after rising by \$5.9 billion the week before, the Federal Reserve reported.

Mitsui's U.S. unit pleaded guilty to conspiring to sell steel below allowable prices, and will pay \$11 million in civil fees and \$210,000 in criminal penalties, the largest civil-criminal settlement in Customs Service history.

Ford will sell a controlling interest in its Rouge Steel unit to a Japanese group led by Nippon-Kokan.

Exxon posted a 51.5 percent drop in income in the second quarter. Chrysler had net income of \$106.9 million, up from \$20.7 million in the same quarter last year. Pan Am had a loss of \$86.2 million, half the deficit it had in the similar period last year.

The Fed cut its discount rate to 11 1/2 percent from 12 percent.

#### The New York Stock Exchange

##### MOST ACTIVE STOCKS WEEK ENDED JULY 23, 1982

Company	Sales	Last	Net Chng
IBM	5,019,300	56 1/2	+ 1/2
Exxon	3,579,200	28 1/2	- 1/2
Thiokol	2,954,300	44	+ 8 1/2
ATT	2,771,800	53 1/2	+ 1/2
Citicorp	2,441,900	25 1/2	+ 1/2
GM	2,395,900	44 1/2	- 2 1/2
AmAir	2,382,200	16	- 1
Tandy	2,212,500	31	+ 1
UoilCal	2,189,000	27	- 2
MesaPt	2,165,200	15 1/2	- 1/2
RalsPur	2,124,900	14 1/2	+ 1/2
EsKod	2,052,900	77 1/2	- 1/2
DeltaAl	1,891,600	32 1/2	- 1/2
Disney	1,817,200	53 1/2	- 1/2
Schlmb	1,814,900	39 1/2	+ 2 1/2

##### MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
1,097	727	2,112	152	143
Prev. Week	1,109	2,098	126	165

##### VOLUME

Same Per. 1981	282,017,417	215,675,890	6,830,135,986
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##### WEEK'S MARKET AVERAGES

High	Low	Last	Change
73.46	72.02	72.46	-0.13

##### New York Stock Exchange

Indust	Transp	Utilities	Finance	Composite
73.46	54.35	38.04	63.20	64.37

##### Standard & Poor's

400 Indust	128.8	123.0	124.5	-0.17
20 Transp	17.6	16.5	17.3	-0.09
40 Utilities	52.2	52.1	52.5	-0.12
40 Financial	12.5	11.8	12.3	+0.51
500 Stocks	113.1	109.6	111.1	+0.10

##### Dow Jones

30 Indust	843.8	820.0	830.5	+1.90
20 Transp	326.0	311.2	324.1	+1.49
15 Utilities	109.0	105.4	107.2	+0.15
65 Comb	324.1	315.8	322.4	+1.74

##### The American Stock Exchange

##### MOST ACTIVE STOCKS WEEK ENDED JULY 23, 1982

Company	Sales	Last	Net Chng
DomeP	2,010,600	4 1/4	-5/16
CrystO	1,236,800	14 1/4	+2 1/2
AngloE	739,300	5 1/4	+ 1/2
ChmpH	512,100	3 1/4	+ ...
WangS	479,900	29 1/2	+ ...
TchSym	341,000	11 1/4	+ ...
SHCD	337,500	11 1/4	+ ...
RangO	334,400	4 1/4	-1/16
SaleDit	320,100	5 1/4	- ...
ChfD	308,700	15 1/4	+ ...

##### MARKET DIARY

Advances	Declines	Total Issues	New Highs	New Lows
412	310	902	44	74
Prev. Week	397	907	26	79

##### VOLUME

Same Per. 1981	20,727,515	563,953,680	20,752,885	794,294,395
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# The New York Times

Founded in 1851  
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ARTHUR HAYS SULZBERGER, Publisher 1935-1961  
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## Without Solidarity, East or West

There's predictable news from Poland: General Jaruzelski is not about to let Solidarity come back to life. He is consolidating his martial-law regime, easing up slightly in ways that only prove his control, keeping Lech Walesa and the most troublesome rebels under arrest and releasing only those whom he expects to stay docile. The Pope has been disinclined and told to apply again next year, by which time martial law might reign under a different name. The general blames Ronald Reagan for the slow pace of the normalization; hostility and sanctions only prolong the rule of the gun.

There's predictable news from Paris, too: Europeans are not about to join Mr. Reagan's crusade for Polish freedom with sanctions that injure their own economies. They think that delaying the Soviet gas pipe to the West is a late, feeble gesture against the Polish crackdown. They think it's bizarre and illegal for the President to try to compel American companies and their European licensees to renege on legal contracts for pipeline equipment. If he is so eager to punish the Russians, the allies ask, why not put America's economy at risk by canceling sales of grain?

The incredible conclusion to be drawn from all this is that a major crack in the Soviet bloc has become the occasion for nearly as big a crack in the West. The French Foreign Minister speaks of a "progressive divorce" between Europe and America; West Germany, Britain and Italy nod assent. Whatever the costs of their tyranny in the East, the Russians are reaping a political bonanza in the West. They are routing Mr. Reagan at his own game of economic cold war.

So now what, George Shultz? Though he dutifully endorsed Mr. Reagan's approach in public, the Secretary of State, an economist, knows what a muddle the President has made of Soviet policy. His

sound private advice will surely run like this: America's objective in Poland, as in the Soviet Union, cannot be to topple Communist power. It has to be coexistence, with norms of conduct that can be defined by agreement and reinforced with economic incentives. In that spirit, the arms race can be contained. The use of force abroad may be discouraged. The nature of Communist government can, to some extent, be made more humane. Only on such a platform will the allies be persuaded to hang together.

Economic pressure can help if skillfully deployed. The Russians will pay any price to defend vital interests; but they will modulate their action, as even in Poland, out of respect for Western reaction. But these pressures will backfire unless applied in unison.

It is right to oppose easy Western credit and trade terms that subsidize the Soviet military, the invasion of Afghanistan, the suppression in Poland. But the allies, like Kansas farmers, do not thus deal with adversaries out of altruism. They hunger for markets and will deny themselves only for well-defined, shrewdly led political efforts.

Poland proves that cheap and unwise loans are foolish gifts, risking bankruptcy at home as well as in Warsaw. The easy credit poured into the pipeline is further proof that bankers and private industries can't coordinate trade with diplomacy. Credit is the one commodity that capitalist governments should control directly and parcel out for political objectives. But for that they must take charge of their bankers, agree on objectives and arrange to share sacrifice fairly.

The paradox of cold-war sanctions is that they are useless without sincere negotiation, first among the allies, then with Moscow. It is too late to resuscitate Poland's Solidarity or to stop the pipeline. It is never too late to temper anger with reason.

## Biting the Tax Bullet

The Republicans deserve credit for pushing a big election-year tax increase through the Senate. Although not every provision in the bill is sound, the revenues are badly needed to reduce the large deficits forecast for the 1984 and 1985 budgets. Now it is up to the Democratic majority in the House to act with equal responsibility.

The three-year, \$99-billion measure would raise Federal taxes on cigarettes, telephone service and airline tickets, and limit personal deductions for medical expenses. It would require taxes to be withheld from interest, dividends and restaurant tips — sources of income that are often not reported on tax returns. As important, the measure would also roll back part of the enormous tax cut rashly given to businesses last year and limit special tax breaks for the insurance and oil industries.

Without such tax increases, Federal deficits are likely to balloon in future years, forcing the Govern-

ment to borrow heavily and thus pushing interest rates higher.

Senate Democrats acknowledged the need for revenues and most have favored key provisions of the Republican bill. Yet they voted overwhelmingly against it.

A few moderates opposed the cuts in medical spending that were linked to the bill in the final vote. Most Democrats, however, simply wanted to hang a tax albatross on the Republicans. Since Republicans wanted the credit for excessive income-tax cuts in 1981, they reasoned, why not let them be responsible for correcting the error?

The Democrats have a point and in the Senate they could afford to register it without defeating a necessary measure. But it is a necessary measure and Democrats in the House will not have the same luxury. They cannot vote "nay" in August and point fingers in November.

## Sex Education and Mrs. Schlafly

Last month, a study based on two Federally funded surveys of teen-agers and published by the Alan Guttmacher Institute indicated that sex education in the public schools may discourage teen-age pregnancy. Contrary to rumor, young people who take such courses are no more likely to be sexually active than those who don't. But young women who have had sex education appear less likely to get pregnant than those who haven't.

A week later, while celebrating the defeat of the Equal Rights Amendment, Phyllis Schlafly announced her Eagle Forum's next target. "Sex education," she said, "is a principal cause of teen-age pregnancy." The institute's conclusions are founded on nationwide studies. Mrs. Schlafly's findings appear to be more a matter of revelation than research.

The current statistics on teen-age pregnancy are dismaying: adolescents account for 44 percent of all out-of-wedlock births and 31 percent of all abortions. Should Mrs. Schlafly's new crusade turn out to be even partially successful, the figures can only get worse.

Today's teen-agers did not incite America's sexual revolution. By the time they were born, it was already accomplished. But to keep them ignorant is to make them that revolution's victims.

Most parents fear that victimization even more than they deplore their children's precocious sexuality. A national poll last year showed 70 percent in favor of sex education in the public schools. Mrs. Schlafly, who is so quick to speak for the American family, would do well to listen to what the American family is saying for itself.

### Topics

## Rebellions and Relief

### Insurgent Glen Cove

If the town fathers of Glen Cove on Long Island are going to play at foreign affairs, they ought to do it right. Barring Soviet diplomats from their golf course, tennis courts and beaches is the easy part. Where is the White Paper? And when will Glen Cove break relations with Washington for having let those sinister Russians acquire Killeenworth, a local estate?

Mayor Alan Parente talks like a tyro in rebuffing Washington's protest at the town's move against supposed Soviet espionage. "Our Government should not allow this to exist," he asserts. "The spying is against the country's best interest."

Here's how he should have put it: "The State Department's impertinent intrusion in decisions relating to our security is a mock cry of accepted norms, a threat to all small territories. It is hegemonism in the name of patriotism and will be repudiated by the common conscience of mankind."

Come Tuesday, the Mayor and City Council will have a chance to show how serious they really are. They can

back down on the reasonable ground that Glen Cove is part of the United States, with an interest in avoiding silly gestures that invite reprisal by the Soviet Union. Or they can secede from the country they embarrass.

### Country Houses

If Governor Carey signs a housing bill that reached his desk after easy passage in the Legislature, New York can spur construction of a thousand badly needed low-rent rural homes. Better yet, it will be able to build them with \$5 in Federal funding for every \$1 the state would have to put up.

The Farmers Home Administration — whose existence is barely known in urban areas — can lend money at the unbelievable rate of 1 percent to build houses for low-income country families. To benefit from such mortgages, however, the rents must be affordable by qualified residents. That can't be certified at current costs unless Mr. Carey approves a capital investment of \$7 million. The investment would stimulate about \$40 million in con-

struction before the Federal program goes out of business next year.

Mr. Carey may feel that the unbudgeted \$7 million is an imprudent commitment. The budget, however, includes \$5 million for another housing loan program that failed to pass. The unanticipated net cost would be only a one-time \$2 million. The opportunity to build this needed housing will not come again quickly.

### Sauce for the Gander

A Wisconsin government employee named David Huebschen claimed he'd been demoted because he'd rejected his female supervisor's sexual advances. Last week a Federal jury agreed and said she'd have to hand over \$114,600 in damages. The jury also faulted a male supervisor for his "callous indifference" to Mr. Huebschen's complaint and tagged him for \$81,900. Which should lead thinking people to answer a simple question: can there be more convincing proof that feminism is as good for the gander as for the goose than \$196,500?

### Letters

## A Radical Beyond Yasir Arafat

To the Editor:

A highly significant but largely overlooked development in the current phase of the Middle East conflict is the re-emergence of George Habash, head of the terrorist Popular Front for the Liberation of Palestine (P.F.L.P.), supposedly a part of the P.L.O.

Despite half-promising steps to bring about a truce in Lebanon, it is now evident that the prospects are not good and that it is primarily not Yasir Arafat, the putative head of all the Palestinians, but Habash and his followers who intend to have the last word.

Habash has at least twice in the past week announced to the news media that he and his organization will not negotiate with the Israelis. They will fight in Lebanon to the end. Moreover, that position is not new.

Habash has taken this line from the very formation of his organization in 1967, and he has maintained, in contradiction of the "moderate" position of the P.L.O., that a political solution to the Palestinian question, including the fate of Israel, is impossible. There can be only a military solution which will include the destruction of Israel.

It thus becomes clear again that the P.L.O. is an umbrella organization with fatal holes in it. This umbrella will not stop the reign of terrorism.

Even if Arafat should acquiesce to U.S. diplomatic demands and give lip

service to U.N. Resolution 242, nominally recognize Israel's right to exist and take a pledge against terrorism, such a pronouncement would naturally not be taken seriously by Israel.

Moreover, it should be evident to everyone, in view of the recent statements by Habash, that he, with his huge radical following, would not be included in any such avowal by the P.L.O. And should the P.L.O. ever achieve its objective of a sovereign state on the West Bank, the next inevitable step would be an early takeover of that state by Habash, followed by the decimation of Israel.

The present Administration in Washington, with the vigorous support of Senator Percy and Secretary of Defense Weinberger, refuses to acknowledge these circumstances. The American public is being softened up for a shift from the previous strong American support for Israel toward something like the Saudi peace plan, which strongly favors the Arabs and the P.L.O. with a sovereign state to be created on the West Bank.

This change in U.S. policy will doubtless be masked by saying P.L.O. and ignoring P.F.L.P. But the public deserves to be better informed about the actual situation so that Israel's unwillingness to accept that new position will not be misjudged.

SAUL ROSENZWEIG  
St. Louis, July 13, 1982

## Challenge to America's Cheese Makers

To the Editor:

In response to your July 6 news story and July 9 editorial on the "cheese and butter mountain" [surplus dairy products], I thought some cheese facts would be of interest.

Brie imports increased from 1,670 tons in 1980 to 2,300 tons in 1981 — 27 percent. Jarlsberg and its cousins pour into America from every country in the world where cows graze, from Austria to Australia. Denmark alone exports more than 16,172 tons of cheese to America every year.

As the owner of a cheese store, I can tell you that the majority of the imported cheeses could be made just as well in America if the dairy industry lobbied for Government cooperation in such a new venture instead of lobbying for doubly inflationary subsidies, which waste tax dollars and then permit dollars to travel abroad. The dairymen should take their cue from the domestic wine makers and make cheese worthy of the name.

Any domestic cheese of quality can compete with its foreign counterpart. The best Vermont and New York cheddars compare favorably with the best England has to offer. But rather than seeking the challenge of competition, the dairy lobby asks for

quotas as milk and money is wasted and farmers suffer.

Secondly, that cheddar in Government warehouses, if it had been made



and stored properly, should have improved with age and should fetch a premium price. Because of high interest rates, among other factors, cheddars aged for more than one and a half years are becoming scarce.

RICHARD KAHN  
New York, July 11, 1982

## Unlikely 'Finlandization' of Afghanistan

To the Editor:

"Rough Plan Emerging for Afghan Peace," the article by Selig S. Harrison on your July 12 Op-Ed page, suffers from Pollyannaism.

Are we to believe that the Soviet Union might be intent on negotiating a withdrawal from Afghanistan in light of: (1) the major Soviet air base under construction at Shindand in western Afghanistan (580 miles from the Straits of Hormuz); (2) the partial enlargement of the Soviet air base at Kandahar in southern Afghanistan; (3) the building of a railroad by the Soviets from the Soviet-Afghan border to Kabul; (4) the construction of the Amu Darya bridge in northern Afghanistan; (5) the border adjustments in the Wakhan district along the Soviet-Afghan frontier and (6) recent Soviet military advances in the Panjshir valley?

Should we conceive of Afghanistan as in the process of being merely "Finlandized," given: (1) Afghanistan's strategic location with regard to the Middle East; (2) the non-analogous world circumstances under which the invasions of Finland and Afghanistan were undertaken; and (3) the differences in the extent of Soviet objectives in the two cases (the ceding of certain territories from Finland vs. total political subjugation in Afghanistan)?

I believe that the answer to both questions is no. I also believe that avoidance or ignorance of the above facts not only may prove detrimental to our foreign-policy interests but also serves to obfuscate the grave injustice perpetrated by the Soviet Union upon the Afghan nation.

MARK A. ZUPAN  
Cleveland, July 16, 1982

## Senator Hatch to the Aid of 'Stupid' Majorities

To the Editor:

Prof. Burke Marshall's article "Budget Rule: No" and Senator Orrin G. Hatch's "Budget Rule: Yes — Politicians Need It" on your July 16 Op-Ed page show convincingly that those in favor of the balanced-budget amendment to the Constitution are anti-majoritarians who mask their fear of majority rule behind a pose of fiscal responsibility and the false claim that their amendment will make government more responsive to the people.

Professor Marshall marks the amendment for what it is: "... anti-majoritarian, reflecting a deep distrust... of the capability of the majority of the people, through their duly constituted representative government, to make sound fiscal policy."

The amendment's proponents want to rig the fundamental rules of the Federal Government so that, regardless of who is elected to office by the people, Federal fiscal policy will be conservative unless a substantial Congressional majority votes to the contrary.

Senator Hatch admits his distrust of representative government by arguing that the amendment is necessary because it will make it harder for politicians to mislead "... the victims of these economic ills [who] are not sufficiently sophisticated..." and are "ill informed" and therefore do not realize that their plight is due to the sort of fiscal policies the Senator opposes.

Bluntly put, Senator Hatch is saying that the majority of the citizenry is too stupid to prevent lying politicians from selling them out on fiscal policy.

## The Aspirations Of Palestinians

To the Editor:

As an admirer of much of neo-conservative political argumentation, I read with sadness Irving Kristol's June 28 Op-Ed article, "Muddled Thinking on the Middle East." Mr. Kristol makes a number of misstatements about the Israeli-Palestinian conflict, and about the interests and objectives of the Palestinian people.

Fundamentally, his confusion stems from a perception of the Palestinian problem as a problem of refugees rather than a problem of national self-determination.

The portion of Palestine from which Israel dispossessed some 750,000 of its Arab inhabitants in 1948, and some 250,000 in 1967, does not necessarily determine where those Palestinians — or some of their children — would insist on establishing themselves today.

Anyone familiar with the current Palestinian outlook knows that, were a meaningful offer made, most Palestinians would be delighted to settle for a West Bank/Gaza state (inclusive of Arab Jerusalem) in less than 25 percent of mandate Palestine.

Palestinian attitudes today are different from what they were 10 or even 5 years ago. Ironically, it is the Palestinians who are now willing to settle for a portion of their patrimony, and the Israeli Government which demands all of it.

A Palestinian state on the West Bank would not be "irredentist or nothing." Any such state would probably be largely supported by conservative Saudi money, and would be too busy with nation-building to contemplate adventures. Its military power would be minuscule compared with that of either Israel or Jordan. The fact of its existence would be the best guarantee of its tractability.

And despite the rhetoric of elements within the P.L.O., most Palestinians have little affection for the U.S.S.R. and less desire to turn any homeland they may achieve into a Middle Eastern Cuba. In fact, Soviet abandonment of the P.L.O. in Lebanon should finally shatter Palestinian illusions concerning Soviet commitment to their cause.

The West Bank is not a "poor, infertile strip of land." With the exception of the Jordan Valley, it has been a relatively well-watered and potentially productive area since the end of the last ice age. And apparently neither Mr. Begin nor Mr. Sharon share Mr. Kristol's conviction that the area is "already overpopulated," given their frenetic settlement efforts.

Mr. Kristol asks why the West Bank must play the role of homeland — surrogate or otherwise — for Palestinians. Might one not equally inquire why Palestine historically has had to play the role of a homeland — surrogate or otherwise — for Jews, rather than Sinai, Uganda or Argentina, as elements in the Zionist movement once proposed?

There is no gainsaying the fact that the Palestinian problem has become a problem of nationhood and that the Palestinian diaspora is now as firmly linked to the West Bank as the Jewish diaspora is to Israel. To assert that the future of the West Bank will be determined only by Israel and Jordan is to indulge in wishful thinking.

Ought not the tragedies of Jewish history uniquely to have equipped the Jewish people to sympathize with Palestinian anguish and aspirations?

ANTONY T. SULLIVAN  
Ann Arbor, Mich., June 30, 1982



The New York Times  
Company  
229 West 43d St., N.Y. 10036

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## A Task For Arabs

By Barbara Tuchman

The 21 countries of the Arab League possess territories 600 times the size of Israel's. All these Arab or Moslem countries have possessed national sovereignty with control of their own armies, economies and societies for longer than Israel, which did not gain sovereignty until 1948. What have they done with their nationhood except to mutually quarrel and fight, build skyscraper cities in the desert and ludicrously enrich their sheikhs? As regards peace or settlement in their region, their only policy has been refusal, beginning with refusal of the partition determined by the United Nations in 1947 after repeated international commissions of inquiry. With the striking exception of Egypt, they have advanced no responsible policy and taken no responsible steps.

While refusing to recognize the existence of Israel, they have not been able to mobilize the will, unity or strength to eliminate this relatively tiny intruder, which would at least have solved what they think is their problem. They can only talk about their undying "commitment" to the Palestinians and threaten holy war without making a single contribution toward settlement of a world-disturbing condition while denouncing the one among them that had the courage to recognize and reverse a sterile policy and take action toward a settlement.

"How beautiful was this day," declared an officer of the Arab Legion in 1948, "when the whole world held its breath anticipating the entry of seven Arab armies into Palestine to redeem it from the Zionists and the West!" The seven armies did not quite materialize but five did, and against the forces of a still unorganized nation representing no more than 600,000 people, failed ignominiously to accomplish their object, but rather lost more of the land they sought to "redeem." The humiliation of this defeat planted the Arabs thereafter in a fixed obsession not to acknowledge the existence of Israel and eventually, as they hoped, to make it vanish.

The Palestinians who fled from their homes during the fighting were made refugees in a war launched by the Arab countries. They numbered between 500,000 and 600,000, of whom about half moved close by to what is now called the West Bank, the rest into Gaza and Lebanon with smaller groups into Jordan proper and Syria. The largest group were supported for many years by the United Nations Relief and Works Agency, very largely financed by the United States. When the United Nations appealed for return of the refugees, Prime Minister David Ben-Gurion stated: "When the Arab states are ready to conclude a peace treaty with Israel, this question will come up for constructive solution as part of the general settlement." His condition has never been met. In 35 years no Arab country except Egypt has concluded a peace treaty with or recognized Israel.

Almost equal to the Palestinian exodus was the forced displacement over the next 10 years from Arab countries of some 450,000 Jews from their ancient communities. They have not become terrorists nor destroyers of a neighboring country; their coreligionists took them in.

After 1948, Israel was subjected to constant harassment, armed incursions and terrorist attacks as well as political, economic and diplomatic boycott, until the Arabs mobilized again in 1967, were again defeated and lost more territory than before. After the war Israel offered to settle with any of the three enemies — Egypt, Jordan and Syria — that would make a peace treaty but met instead the Three Nos of Khartoum: "No reconciliation, no negotiation, no peace." When it comes to negatives, the Arabs can occasionally unite.

The history since then is familiar: the rise of the Organization of Petroleum Exporting Countries holding its Western customers in pitiful thrall, the rise of the Palestine Liberation Organization with terrorism and a huge Soviet-supplied arsenal as its means, the Camp David breakthrough, which intensified Arab intransigence while weakening the Arab position by freeing Israel (at the cost of giving up the Sinai and its oil and airfields) from hostile encirclement, and finally the sad turn of Israel from a pragmatic to an ideological position virtually comparable to that of the Arabs. This is a grievous development for any country because it abandons reason, common sense and long-range thinking. Our own cold-war phobia about Communism, which pulled us into a shooting war 7,000 miles from our shores — and into defeat — is an example.

For Israel the turn is a tragedy because it represents the loss of the original dream, the hope of establishing a productive, peaceful country in the ancient homeland. It is a turn to the militarism the Israelis had hoped to abjure — as did the young Idealistic United States in the 18th century — and to the governance of an unwilling people, which is a task that history's record shows cannot succeed.

To survive in the present Middle East — and if there is one thing beyond discussion it is Israel's intention to survive — they have not been allowed to be peaceful; they have succumbed to aggression. The invasion of Lebanon seems to me out of proportion. I do not like it and do not think it the wisest course, but I think I understand it. Let us place the responsibility for a solution where it lies rather than indulge in holier-than-thou postures about Israel as a world menace. Let the Arabs solve the problem of the Palestinians.

Barbara Tuchman, the historian, is author most recently of "Practicing History: Selected Essays" and is working on a book on folly in government.

## 2 Camps, 1 Freeze

By Brewster C. Denney

SEATTLE — It has been popular for some time to say that there is no longer a consensus on broad issues of national policy. The notion that consensus is both unachievable and inappropriate may have become so widely accepted that America's political cognoscenti have lost the nose for it. They can no longer smell the opportunity for consensus and instead even prefer the sweeter aura of politics by combat and caricature. The current debate over a nuclear-weapons freeze is a case in point.

Compare the texts of the Kennedy-Hatfield and the Jackson-Warner freeze resolutions. The press and partisans of each have badly distorted their actual meaning. It is widely believed that the Kennedy-Hatfield freeze must be an instant, unilateral freeze with the present Soviet supremacy in theater nuclear weapons in Europe left in place. Not so. The resolution proposes a negotiated, verifiable freeze with special attention to the most destabilizing weapons. It is frequently stated as fact that the Jackson-Warner measure calls for a substantial buildup of United States strength before negotiations for reductions can begin. Again, not so. It is a negotiated freeze and a negotiated reduction with negotiations to start immediately.

Both resolutions call for reductions. Surely the supporters of both resolutions prefer substantial reductions to a freeze and prefer a freeze to uninhibited increases of nuclear inventories on both sides. Both resolutions call for negotiations of the details of the freeze. Both require verification of the agreements. Both may require substantial, even protracted, negotiations. The texts themselves, devoid of the polemics that have accompanied their introduction, are really quite similar.

My view is that there is in fact a broad consensus on national security and arms control waiting to be recognized, but the people who can make that consensus operative — including

the press and the partisans of the resolution — are too busy playing ad hominem hawks and doves to do it. Jackson-Warner supporters glibly slap the unilateral disarmament "peacenik" label on Kennedy-Hatfield supporters, ignoring the solid attention the text pays to verification, reduction and special treatment of the most destabilizing weapons and that the resolution is supported by many longtime friends of a strong defense. Kennedy-Hatfield supporters paint the Jackson-Warner agreement as an unrealistic license to continue the arms race, ignoring the fact that real reductions are in the interests of both sides and that reductions of inventories of weapons now in place are easier to verify and, thus, to negotiate than freezes on the production of new ones.

## Test Ban and Epitaphs

By Theodore C. Sorensen

Because the treaty permitted underground testing, it was indeed only a first small step toward slowing the nuclear arms race. Its text contemplated a future comprehensive ban. President Kennedy and Nikita S. Khrushchev, the Soviet leader, both hoped to resolve the one remaining obstacle to an underground-test ban — how to inspect suspicious seismic-disturbance reports. During these past 19 years, every President, regardless of party, actively sought an agreement between the United States and the Soviet Union to halt underground nuclear testing. For 19 years, arguments emanating from the Pentagon and nuclear-weapons laboratories about the need for more testing — to develop

new weapons and enhance our confidence in existing weapons — were rejected by the White House.

Until last week. With typical circuitry, the Reagan Administration decision not even to negotiate for such a ban, once it had been involuntarily publicized, was attributed to a need to first redefine verification procedures for two interim, unratified, largely meaningless agreements that ban explosions over 150 kilotons. In truth, both superpowers can obtain all the test results they need below that threshold, which is 10 times the power of the Hiroshima bomb. Moreover, these interim agreements would both be rendered moot by a determined Presidential commitment to negotiate a comprehensive test ban. Because of new verification technology and procedures, such a pact seemed near in 1979 before it temporarily sank with the second strategic arms limitation treaty.

Opposition to a total ban from various military leaders and nuclear scientists in both Washington and Moscow over the last 19 years is not surprising. As Gen. Earle G. Wheeler testified regarding the 1963 treaty: "In the purest sense of the term, any agreement which limits the manner in which we develop our weapons systems represents a military disadvantage." Most armed services commanders, trained and paid and obligated to provide the strongest possible combat force, invariably want more tests, more weapons and more certainty about the reliability of their existing weapons.

These same arguments were all advanced in 1963 against the Limited Test Ban Treaty, by both active and

retired commanders and by concerned citizens ranging from Edward Teller to Phyllis S. Schlafly. But their arguments were overcome by answers that are equally valid today. The risks of an imperfect treaty were deemed less than the risks of an unabated arms race. A reduction in the tensions and economic burdens of the cold war was deemed worth the limitations on new weaponry. Preserving doubts in both the Kremlin and the Pentagon about the reliability of their respective stockpiles might someday stay a reckless hand. Establishing roadblocks to either superpower's development of destabilizing weapons might reduce future temptations to launch a surprise first strike. The Senate in 1963 listened, debated and approved the treaty by a vote of 80 to 19.

Unfortunately the ideology of those 19 is now in the saddle in Washington. The Reagan cold warriors advertise their plans for arms control with more hypocrisy than hope for success. They see no need for the superpowers to deter the spread of nuclear weapons by setting a good example. They want no part of a nuclear freeze, not even a mutual halt in testing warheads and weapons. Why should they? An Administration that can turn the clock back by decades on child labor and Social Security can easily go back to John Foster Dulles.

I would remind them of the statement of Everett M. Dirksen, the late Senate Republican leader, in switching to support the 1963 treaty, "I should not like to have written on my tombstone: 'He knew what happened at Hiroshima, but he did not take a first step.'" That first step in 1963 was impelled in part by a nuclear confrontation over Cuba the previous year. Let us pray that another such confrontation will not be required to produce the next step.

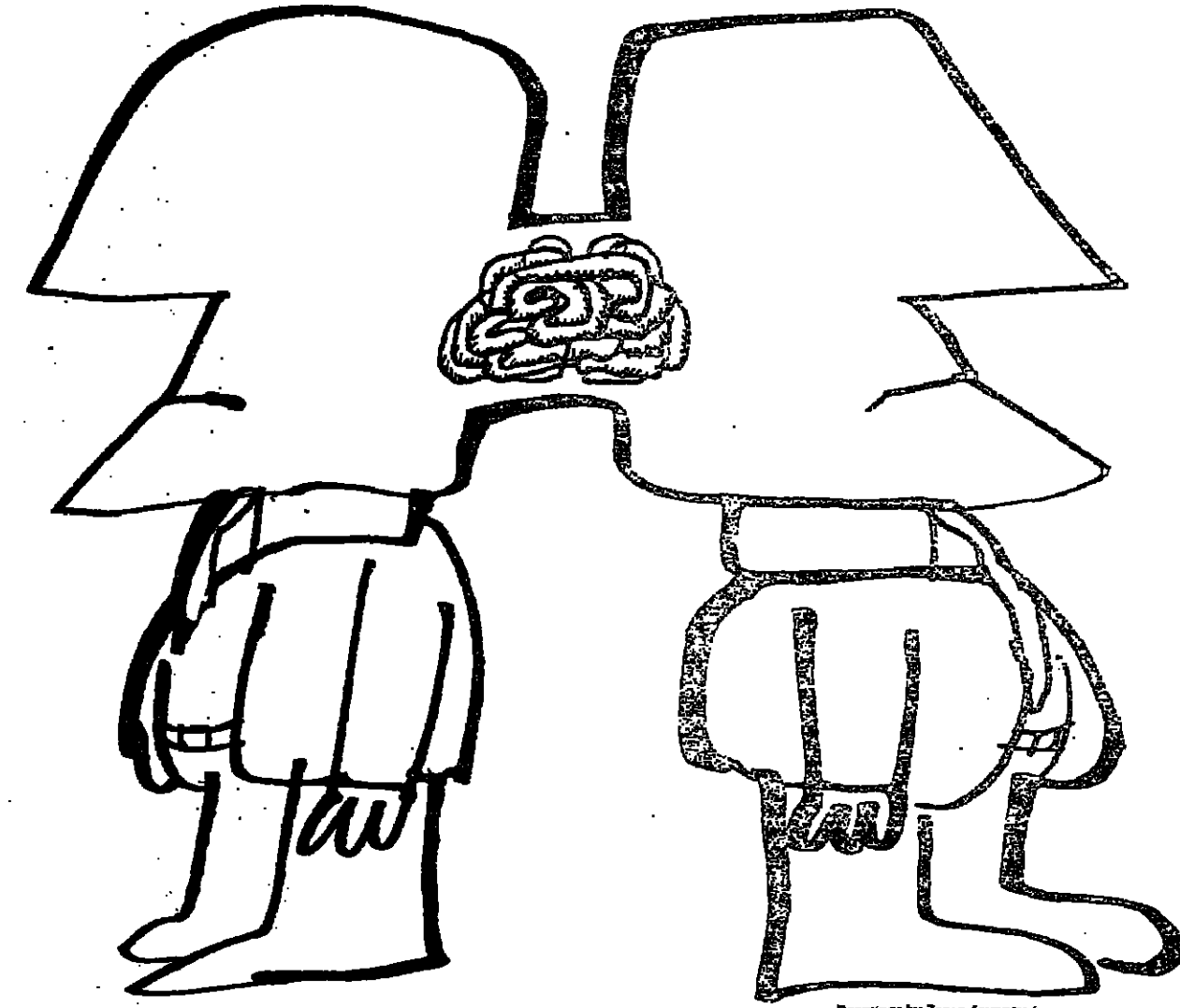
Theodore C. Sorensen, who was special counsel to President Kennedy, is a lawyer in New York.

do immense damage to others. There is no reason to believe that an America in self-quarantine could maintain the buoyancy, the innovation, the spirit of enterprise which marked its development into a continental power. History shows that isolated societies stagnate. It is open ones, which exchange not only goods and services but ideas and energies, that flourish.

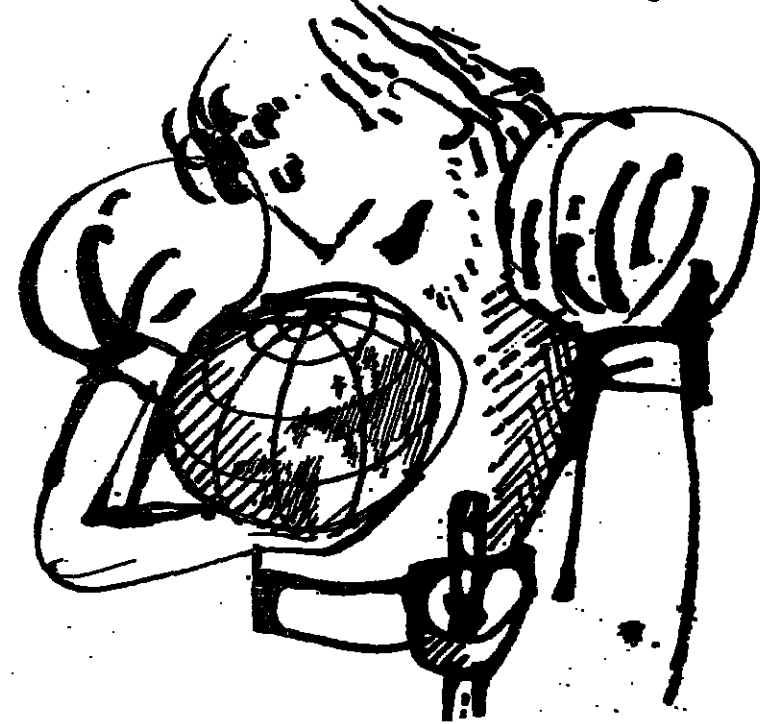
It is unlikely that the sheer will to barricade the country can force the genie of modern technology back into its bottle, restoring the self-sufficiency of a prejet, pre-satellite, pre-television society with a much smaller population and room to expand. But the attempt would create great tensions, domestically as well as internationally.

Above all, the moral and religious foundation of America is the brotherhood of man. It is often honored in the breach, but what could replace it to produce social cohesion in a pluralistic, multi-ethnic society? Tolerance, democracy and the sense of community are much more likely to be endangered than enhanced in "Fortress America."

I am grateful to Mr. Estle for stripping away bravura and addressing the core issue. This is a troubled world and I can see the temptation to hole up in the wilderness. My answer, however, is that it wouldn't be much of a life. It probably wouldn't be safer, certainly not if a foe came to dominate the rest of the world's industrial and resource potential, and it surely would fall the vision of America.



Drawings by Zoran Jovanovic



## FOREIGN AFFAIRS

## The Risks of Isolation

By Flora Lewis

PARIS — Reflecting on the sudden new outbreak of friction between Europe and the U.S., André Fontaine, the French commentator, recently spoke of "California Gaulism." It wasn't meant as a compliment, even from that longstanding admirer of Charles de Gaulle.

Mr. Fontaine specified that he meant a leadership "caring little about the advice, less about the interests of others, even allies," when national interest is asserted. The French, who make a virtue of "sacred egoism," are not the best placed to complain. But they do reflect widespread renewed doubts about Washington's view of the alliance.

There was a lot of talk in the U.S. about cutting loose from Europe before President Reagan's recent trip with his sweeping pledges. Isolationism is one way of going it alone. Unilateralism is merely another, more adventurous and probably more costly. More and more people are coming to ask explicitly about reviving the old idea of "Fortress America."

Paul Estle, of Kaslof, Alaska, writes to say, "I have yet to encounter a scenario describing the sequence of dire events which would occur if the U.S. did try to go it alone," and he stoutly urges isolationism.

His argument is not strident or emotional. "English-speaking North America is the only big area of the world currently capable of feeding itself from resources within its borders, if we can forego chocolate and coffee. We are nearly self-sufficient, or could be, in

most metals, especially if we went after the manganese nodules of the deep ocean floors without waiting for the permission of the rest of the world.

"We probably could make do with our own oil without much distress. Therefore I am in favor of instituting a high degree of isolation from the rest of the world economically and militarily and politically... nuclear missiles could destroy any fleet bearing an invading army toward our shores and a conquering army could not come by air."

The cogency of Mr. Estle's approach is that he is not a victim of the preposterous notion that the U.S. alone could impose order on the world, or benefit from its international role without accepting responsibilities.

That at least clarifies the debate. The central questions become: Can isolation be secure? How high would be the price in living standards? Does such egocentrism reflect the social and moral goals of most Americans?

On the face of it, continental defense looks a lot cheaper and easier than trying to maintain some kind of global balance, with or without allies. But it assumes the unreserved assent of

Canada, not to be taken for granted. And Mexico? It is weak militarily but it has over 65 million people, probably 100 million by the year 2000.

Would isolationism assure the neutrality of Mexico and Central and South America? There would be no guarantees, particularly if U.S. economic retreat left countries with exploding populations to fester in misery. Adversaries, with their own problems, might not seek to establish hostile bases in the area or block the Panama Canal, but the isolationist thesis must take account of the possibility.

Reliance on nuclear defense against invasion doesn't prevent nuclear blackmail, menacing the U.S. with devastation if it uses missiles first against approaching military targets.

The second question is even more problematical. Foreign trade is a small percent of the U.S. economy, but increasingly vital in terms of exports which generate jobs as well as critical imports. Isolation needn't mean total seclusion. But protectionism would provoke retaliation. America's role in the world economy now is such that withdrawal would

## WASHINGTON

## Half Time On the Potomac

By James Reston

WASHINGTON, July 24 — Looking back over the first half of his Administration and planning for the last half, it must have occurred to President Reagan occasionally that even many of his own supporters, who like him personally and long for his success, have serious doubts about his leadership.

Otherwise, it would be hard to explain why so many of his principal appointees have resigned in this critical period of decision on economic and foreign policies over the last few weeks and months.

In the field of foreign and security affairs, Secretary of State Alexander Haig, Richard Allen, head of the National Security Council, and Admiral Bobby Ray Inman, deputy director of the Central Intelligence Agency, either jumped or were shoved — all leaving with Presidential letters of profound regret.

In the field of economic affairs, Murray Weidenbaum quit as head of the President's Council of Economic Advisers, and was only the latest of a parade of economists who have vanished quietly in the midst of the worst economic alarm since the 1930's.

Jerry Jordan left the council this month. Myer Rashish, Undersecretary of State for Economic Affairs, long a target for the Republican conservatives because of his liberal free-trade philosophy; Robert Hormats, an opponent of Mr. Reagan's Soviet-European pipeline policy, and Martin Anderson, the President's conservative development adviser, have all departed, for as they say, "personal reasons."

It's not unusual, and may not be a bad idea, to switch the lineup at half time in any Administration, but this evacuation, whatever else it may mean, is clearly no vote of confidence for President Reagan or his policies. Everybody has been very polite about it, and nobody has slammed the door on the way out, but there is obviously a problem — not only with high interest rates and high unemployment at home, but with policy abroad.

President Reagan is not in as much trouble with his political adversaries in the Democratic Party or in Moscow who are also confused about the tangles of this higgledy-piggledy world, as he is with his allies, who don't know what he's doing from one day to another.

They are sore at him for insisting that their companies cannot transfer United States technology for the Soviet-European pipeline and are claiming that this is an illegal breach of contract. The fact is that the European licensees agreed in writing not to transfer this technology to the Soviet Union without consent and are themselves in breach of contract.

This is not a legal but a political issue. Mr. Reagan had the legal right to do what he did. The question is whether he was wise to reduce a philosophy of peace to an argument over a gas pipeline, and insist on a legal right that would divide the allies without really hurting the Soviets, at a time when he was still shipping millions of tons of grain to Moscow.

But this is precisely why the President is getting into trouble both with his own people at home and his allies abroad. For he deals with each problem separately, favoring the American farmers one day in trade with Russia, and punishing the Europeans for trading with Moscow the next, with no connecting rods or coherent policy over all.

Just when he is going into nuclear arms control negotiations with the Soviets, he announces that he won't consider a nuclear test-ban until the Soviets amend other treaties agreed upon in the past.

He deplores the spread of arms all over the world, but ships more of them to Israel without control and even more than anybody else to the poor nations that can't afford them.

He insists that his tax reduction will encourage people to save more, invest more, produce more, and employ more people, but unemployment is still running at more than 9 percent, and his own Department of Labor announces that one out of every five workers was out of a job at some time in 1981.

Obviously, as he is always telling us, this is not President Reagan's fault, and he cannot correct in two years the staggering blunders of Washington over the previous 20, which is fair enough, but time is running on, and confidence in his proposed remedies is running out.

President Reagan seems to recognize this, for lately he has been flying around the country arguing his case on television talk shows, and many of his aides have been staying up all night with that wonderful man Larry King on radio, trying to explain what Mr. Reagan means — all this in the conviction that public relations is the answer to the Reagan problem rather than the cause.

But at half time in this Administration, there is a pause for reflection, with some new men in the lineup, and with George Shultz at the State Department, and this, hopefully, may make a difference.

The particular issues in the dispute between the parties and the allies over gas pipelines and steel exports will probably be forgotten before the leaves fall. The fate of "the alliance, which has kept the peace for over two generations, obviously does not depend on these things.

But on the capacity of the allies and their peoples to have confidence in the judgement of the American President, a great deal depends. This has been Mr. Reagan's failure in the first half of his term and is the challenge of the second half.



# Arts & Leisure

## Is the Virtuoso a Vanishing Species?

By HAROLD C. SCHONBERG

Our age distrusts flamboyant virtuosity or highly emotive self-expression of any kind. Yet no artist can have too much technique, and that goes for writers, painters and mathematicians as well as musicians. Moritz Rosenthal was once asked if he was not ashamed of showing off his technique. "Is Rockefeller ashamed of his millions?" he answered.

For what good are the noblest ideas if the fingers or vocal cords cannot put them into effect? It is a truism that technique must be placed at the feet of the goddess of art, but without the technique to begin with, the artist cannot go very far. Yet in our present climate it seems to be regarded as next to original sin if a musician lets loose and shows that he not ashamed of demonstrating those superior fingers, vocal cords or baton technique.

These thoughts are prompted by the recent Vladimir Horowitz telecast from London. Those millions who tuned in caught the 78-year-old pianist in a typical program, typically played. Scarlatti, Liszt, Chopin — all rolled from his fingers in the style so peculiarly his own, so different from the style of every living pianist. The concert made one realize again, as if any reinforcement were necessary, that Mr. Horowitz is unique. He is not only the last of his kind. In the history of piano playing he could very well be the only one of his kind, and when he goes, there will be nobody to succeed him. That may sound like a sweeping statement, but let's take a look at the facts and ask a few questions.

There will be nobody to succeed Vladimir Horowitz because where most pianists today play much the same repertoire much the same way, Mr. Horowitz is a complete individualist whose style is a throwback to the Anton Rubinstein tradition. Nobody, because no other living pianist's tone and sonority remotely resembles that of the volcanic Horowitz. Nobody, because today's training is alien to the kind of freedom and divine right of the performer that Mr. Horowitz represents. Nobody, because the famous Horowitz technique, even with a few slips these days, is in a class by itself. And, above all, nobody, because no pianist these days brings the sheer excitement to a recital that Mr. Horowitz does. As a result he is in a position to charge fabulous fees — the highest in musical history — and play relatively few concerts a year.

Some of the younger pianists today have techniques on a Horowitz order. Think of Alexis Weissenberg, Horacio Gutierrez, Maurizio Pollini, Vladimir Ashkenazy, Martha Argerich, to name but five. They are brilliant pianists who have made fine careers. But none of them brings to their playing the quality of freedom, excitement, daring, abandon and color of Mr. Horowitz at his best. Nor, with all of their gifts, do they have the ultimate technique of Mr. Horowitz in his great days.

There are those who regard Mr. Horowitz primarily as a technician, a circus performer interested only in

through the years. Today he is very conscious of being Vladimir Horowitz, the sole survivor of an old school. But when he broke on the scene in the 1920's he was only a major talent among a group of immortals that included such giants as Sergei Rachmaninoff, Josef Lhevinne, Josef Hofmann, Ignaz Friedman, Moritz Rosenthal, Leopold Godowsky and Benno Moiseiwitsch. All of those were Slavic pianists, and Mr. Horowitz was of that tradition. He was instantly pegged as the brilliant newcomer he was — a pianist with steel fingers, an immense sonority, formidable rhythmic drive and a straightforward musical approach. A great pianist had appeared, and Hofmann once told this writer that of all the young pianists Vladimir Horowitz was the one who was going to carry on his and Rachmaninoff's tradition.

In a few years Mr. Horowitz became a superstar and has remained one ever since. Almost always, super-



Vladimir Horowitz

stars are superstars because they give the public something that no other performer can. Mr. Horowitz was, and has remained, an electric pianist. It was not only his amazing technique that drew full houses all over the world. Mr. Horowitz in addition had that Ingredient X, and anybody who can work out the formula and bottle it is going to be a very rich man. Whatever the mysterious ingredient is, it imbues an artist with a quality that comes right over the footlights and enters into the ears and actual breathing of every listener.

Mr. Horowitz transmits an extraordinary amount of personality, and without that no superstar career can be made, no matter how musical, how thoughtful, how sincere an artist. It is not even showmanship.

In his early days Mr. Horowitz had a very direct approach to music, and that may come as a surprise to those who have taken note of his current mannerisms. A comparison of his three recordings of the Rachmaninoff Piano Concerto No. 3 is instructive. His version with Alfred Coates made in the late 1920's, is stunning. It has very little mannerism, the lines are sculpted, all technical problems are gorgeously solved, the playing is big without the least hint of overstress. It is an approach favored by most young pianists today, except that none of them has the authority and sheer command that Mr. Horowitz then had. In his 1950's recording with Fritz Reiner, hints of today's Horowitz appear. Some lines are dawdled over, there is



Maurizio Pollini



Vladimir Ashkenazy



Horacio Gutierrez



Alexis Weissenberg



Martha Argerich



At the keyboard are the hands of Vladimir Horowitz. Will one of the five pianists above inherit his mantle?

of the music. Mr. Horowitz can say, as Liszt did, that he is the servant of the public, and he makes no apology for it. In conversation he constantly talks about "the public."

Mr. Horowitz respects his public. He creates programs that he thinks will interest "the public." He looks with scorn on programs that contain only three Schubert or Beethoven sonatas. He is more entertainer than educator, though goodness knows he is serious enough about his repertoire. Unlike most glamour pianists, he is careful to include, on all of his programs, a work he has never previously played in public or has not played for many years. He is a monomaniac who spends hours and hours a day refining his art, reading through music, working on repertoire, endlessly trying out different chord weights or dynamics, and searching for his kind of pianistic and musical ideal. If not all musicians regard him as a tremendous intellect, all pay homage to his supreme craft and the ideas he is always bringing to his kind of music.

His kind of music is Romantic. He plays very little Bach except in transcription, hardly any Haydn or Mozart (though he has a passion about Scarlatti and Clementi), only the "name" sonatas of Beethoven, very little Schubert. But he plays most 19th-century music from Chopin through Rachmaninoff and Scriabin, with occasional ventures into Prokofiev (he introduced the Seventh Sonata to America) and the more conservative moderns (he gave the world premiere of the Barber Sonata).

As a Romantic, Mr. Horowitz has no hesitation touching up some of the music he plays. Pianists of the previous century did so, constantly. Nobody but Mr. Horowitz today does. Even the few remaining Romantics — such as Shura Cherkassky, Jorge Bolet or Claudio Arrau — do not tamper with the actual notes. The younger pianists could not even if they wanted to. Their training forbids it; tampering with the notes would be equivalent to murder.

There seems to be a belief that pia-

nists today on the whole are better trained and have stronger techniques than the great pianists of the past. Nonsense. There are no young pianists currently in action who could match fingers with Lhevinne, Hofmann,

Rachmaninoff and a dozen others one could mention. This is not guesswork. Listen to the recordings of the giants of the past and match them against today's crop in the same repertoire. The old virtuosos had techniques that

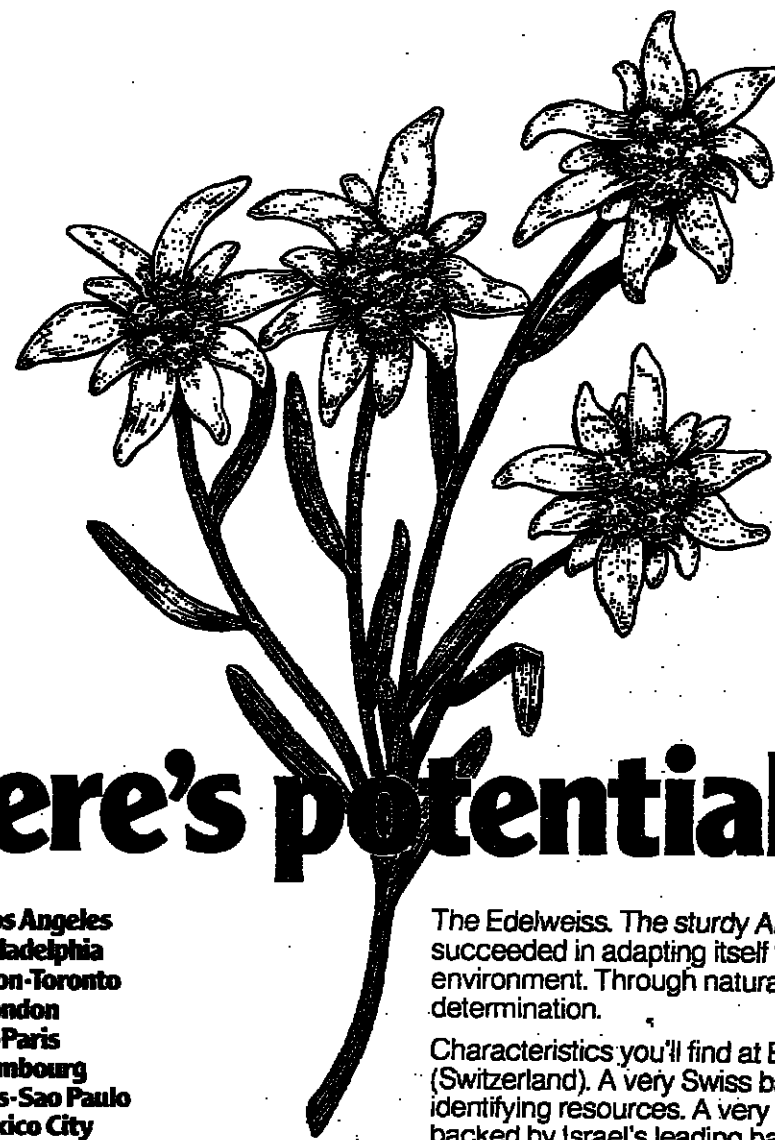
made everything sound easy; and, with that, techniques that were expressed in velvet tone. Beautiful sound was a Romantic ideal, and Mr. Horowitz always has been super-conscious of sound as an aesthetic in itself.

So who in the next generation can replace him as the apostle of Romanticism? It would have to be a pianist who concentrates on 19th-century music, which means that the Mozart, Beethoven-Schubert specialists must be discarded. It would have to be a pianist who responds to the Romantic rhetoric, with its combination of glitter, exultant virtuosity and aristocracy, its daring and diablerie, its long melodic lines and its delicate rhythmic adjustments.

Many young pianists seem to believe that Romantic playing involves a great deal of rubato and changes of tempo. But that is not so. The great Romantics of the past used very little rubato, much less than Mr. Horowitz himself does. What they did use were tempo changes involving ritards and accelerandi between sections, exploitation of inner voices (so carefully marked by the composers and so generally ignored today), somewhat faster tempos than are encountered today and rock-steady metrics. They also knew how to make a melodic line sing out.

Mr. Horowitz at his best has all this, but it is impossible to think of a young pianist who does. Not Mr. Ashkenazy, whose playing is so sensitive and beautiful, but also small-scaled. Not Mr. Pollini, so finished an artist but so cool in his Romantic playing. Not Mr. Weissenberg, whose marvellous but strict fingers miss the color and suppleness of Romantic music. Certainly not the elegant but reserved and over-polite Murray Perahia. Martha Argerich comes closer; at least she has passion and temperament coupled to phenomenal fingers. But not even she can identify with Romantic music the way Mr. Horowitz and the great pre-war Romantics could. She too has been trapped by the age and by her training.

We do have a few pianists of the older generation who have some idea of what Romantic playing is about. Among the Russians, Sviatoslav Richter, missing so long from the American scene, is one. (Emil Gilels is not the pianist he used to be, and the younger Russians today play like the young Westerners everywhere.) Jorge Bolet has developed into a legitimate successor of such pianists as Lhevinne and Godowsky. Shura Cherkassky carries on the Hofmann tradition. Earl Wild can bring blazing virtuosity and stylistic resource to his Liszt. Claudio Arrau also is a redoubtable Lisztian (his recording a few years ago of the "Transcendental Etudes" will be one of the future monuments of Liszt playing). Then one starts searching. But above everybody in this literature looms Vladimir Horowitz.



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'Vladimir Horowitz can say, as Liszt did, that he is the servant of the public, and he makes no apology for it.'

bending music to make an audience gasp. That is not true, but Mr. Horowitz in recent years has suffered from a bad press from those who think virtuosity is a dirty word. It is, of course, what one does with the virtuosity that counts, and through the years Mr. Horowitz for the most part has managed to use his virtuosity for legitimate musical purposes, reserving his stunts, such as "The Stars and Stripes Forever" and the "Carmen Fantasy" for encores (and he does not even play those any more). His playing has its share of neuroticism, he does not organize large-scale pieces in the kind of clear-cut manner that the severe school of critics demands (to them, pianists like Alfred Brendel are the ideal), and he can pull phrases into peculiar shapes.

But this is an old story, one that has constantly been with us. In the last century, for instance, those who upheld Clara Schumann as the ideal could not stand the playing of Franz Liszt. And it worked the opposite way, too. "If you want to hear how Schumann should not be played," Liszt once said, "listen to Clara." The subjectivists and objectivists, yin and yang, are always with us.

It is true that a case can be made that Mr. Horowitz today is a much more mannered artist than he was before the war. His style has changed

much more rubato and a different kind of color. Then, a few years ago, Horowitz recorded the Rachmaninoff with Zubin Mehta, and this is a curious, self-indulgent interpretation with distended lines, heavy "expression" and a flaming example of the cult of personality. It packs a tremendous wallop, but the exaggerations can make one uncomfortable.

Current exaggerations and all, Mr. Horowitz remains a legend to pianists. Where he goes, they follow. When he revived the Schumann "Kreisleriana" it was taken up by young pianists everywhere. Several years ago he programmed Schumann's seldom-played "Humoreske," and suddenly that piece is in fashion. Romanticism is back again; even the once-derided Liszt paraphrases and song transcriptions are being taken seriously and enthusiastically adopted by young pianists.

In a musical period when all performers have been trained to play literally, to stand in awe of the printed note, to observe religiously every instruction, Mr. Horowitz is one of the very few who looks back to the days when the pianist, violinist and singer stood almost co-equal with the composer. Today musicians almost unanimously say that they are the servants

## AROUND THE Garden

JOAN LEE FAUST

### Questions/Answers

#### TIGER LILY SEEDS

About five years ago, a friend gave me tiger lily seed to plant but said it would not flower the first year. In five years, I still do not have flowers, just leaves. Why? C.R., Brooklyn, N.Y.

A lily grows from a bulb in which the embryo flower forms. Several growing seasons are required for a bulb to develop to full flowering size. The tiger lily (*Lilium tigrinum*) is a Japanese species that has "escaped" from cultivated gardens and has become naturalized. The species also develops small bulbils in leaf axils which can be pulled off and planted after flowers drop.



# The Post's Liora Moriel visits a small town which has lost seven of its young men in the Lebanon war

**YIGAL TALKAR** was the first of Dimona's seven sons to die. Only 19, Yigal and his older brother had been in Lebanon from the very first moments of Operation Peace for Galilee; they had one brief meeting, purely by chance, after the war had started.

Yigal's brother was in a tank which broke down, and pulled off to the side of the road for repairs. Yigal passed by, stopped for a moment to say hello. A few minutes later, Yigal was dead, killed by a sniper's bullet. The brother's life was spared, by a stroke of fortune. His tank was pulled back from the head of the advancing column because of a mechanical problem: the first two tanks in the forces were later destroyed in a Syrian ambush.

**SHALOM (CHARLIE) AZOULAI** also died during that first week. He was 39, survived by a wife and five children. Just three months before, he had been elected secretary of the Likud branch in Dimona.

"He was a quiet, modest man, a man of principle," according to Eli Hilleli, his close friend and political protégé. "He went to the front happily; as a soldier, he felt that he had to do his share in eradicating the terrorists."

Shalom Azoula's oldest son is just past 12; his youngest was six months old a few weeks ago.

**DAVID (DUDU) COHEN** met his death on Friday, the sixth day of the war, just an hour after the first cease-fire was declared. It was his 26th birthday.

Dudu had been an exceptional child, enrolled in a special school in Jerusalem. He was also an exceptional soldier, attaining the rank of sergeant (captain) at the age of 22. While still doing his compulsory army service, he was sent to the U.S. for a special course.

Signing on for the regular army, he was made deputy commander of his brigade last year. His friends considered him a future high officer, said that even chief-of-staff was not beyond him. He is survived by his wife and a 10-month-old daughter.

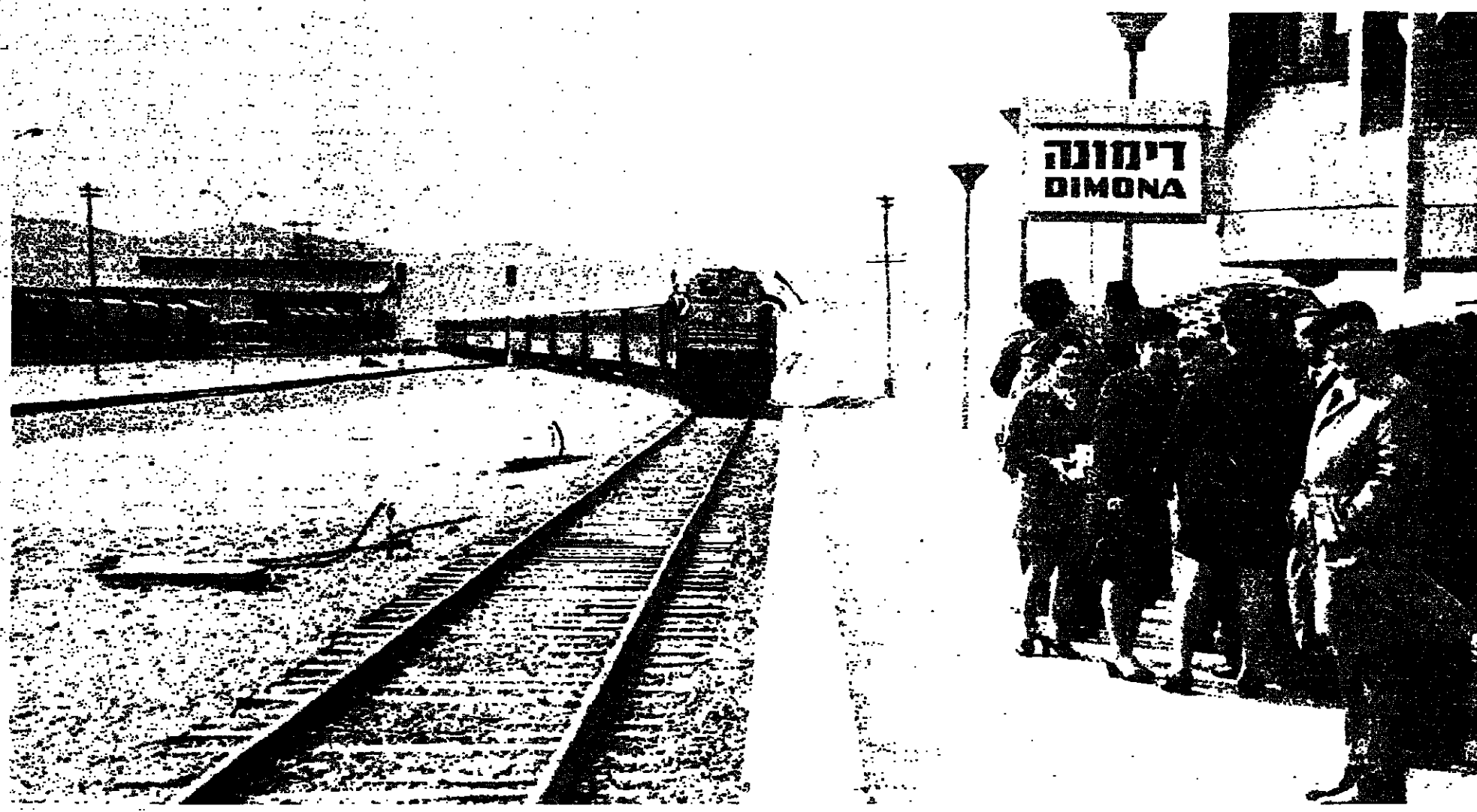
**AVRAHAM (ALBERT) EDRI**, 26, was seriously wounded during the second week of the war. The son of a veteran Dimona family, Albert and his brother Zion owned a metals workshop in the town.

For a week, Albert Edri fought for his life. His family sat beside his bedside and prayed day and night. They turned to rabbis, moved every religious mountain. A week later, without regaining consciousness, he died. He is survived by his wife and his son, 2½ years old.

**GADI SHINAR** died on the same day as Albert Edri. Only 24, he came to Israel from Argentina in 1964. A Nahal paratrooper, he was one of the founders of Kibbutz Or-Tal, in the Golan Heights; after finishing his army service, he married Ilana, his high school sweetheart. Both Gadi and Ilana wanted to go back to Or-Tal, after completing their studies. He was called into the reserves during the first week of the war. Gadi and Ilana Shinhar had no children.

**YEHUDA MALUL** was also a paratrooper. He had done well in his production engineering studies and, at 28, seemed to have a bright future. Dimona Mayor Jacques Amir had been very interested in Yehuda's pet project, a plan to utilize waste to grow seaweed for human and animal consumption. Yehuda loved to play the guitar, and sing old Israeli songs. He was not married.

## DIMONA'S FALLEN SONS



**PINHAS IFARGAN** was a medic in the Golani Brigade. A direct rocket hit on an armored personnel carrier killed Pinhas and three of his comrades. One of nine children, he was a gentle, studious youth who planned to study electrical engineering when he'd finished his army service, perhaps after he'd done an officer's course.

His father works at the Nuclear Research Centre; his mother is a cleaning-woman at a local school. They learned of his death on the same day that a postcard arrived from the front. "There's nothing to worry about," he had written. "I'll be home soon."

Pinhas Ifargan almost lived to be 20.

**DIMONA**, which has only 30,000 inhabitants, has lost seven sons in the war. It has been saddened by the all-too-frequent funerals, but it has also been united by them. A typical opinion goes something like this: "I'm 100 per cent for the operation in Lebanon; it should have been done a long time ago. I personally knew two or three of Dimona's dead, but despite all the pain and sadness that entails, the war is a just one."

This view is amplified by Eli Hilleli, the Likud deputy mayor: "Every casualty, every victim, is a heavy price — especially in a small town like Dimona."

"But those casualties — which nobody wants, of course — have wiped out the myths about development towns. It proves that Dimona's sons, and the sons of all development towns, are among the best. They set a personal example. After all, it is well known that the best go first."

They used to say that only the kids from kibbutzim and moshavim went into the crack units. But that is now clearly not true. Dimona has

paid the highest of prices for raising a generation of wonderful, splendid youths."

**DIMONA** is a mirage of tenements, rising out of the desert just where it starts to become green. Very few people come to the town for the view; the bus on the way south is filled with people on their way to work, to visit family, to see a son in a nearby army post. The bus passes Beduin with their flocks, and lots of desert emptiness.

Sitting with Eli Hilleli in his office, I ask about the town's feelings now. Surely the people are downcast with so many dead.

"In most cases, it is part of my job to know, even to inform families of deaths. And I think that people in Dimona are like most Israelis. They know that, with all the problems we face, we cannot suffer a threat on our lives."

"We understand — and have always understood — the problem of the northern settlements. And we understand that, despite all the sacrifices, this is a just war."

Out on the street, the deputy mayor intercepts a municipal jeep and asks the driver to take me to visit some of the bereaved families. The driver's name is Charlie, his family live in France, but he is a dedicated Zionist: "I'll stay here in Israel, in Dimona, even if I have to live on olives and water. Today, the new immigrants are spoiled — this isn't the 50's or 60's when there was love for Israel; today they are stubborn, they are not really Zionists, they only come for one purpose: to change the atmosphere."

Charlie fears that with the war on — and one war or another is always on — immigrants will stop coming. "We didn't start this war, not us, they forced this war on us."

"Figure it out, all the ammunition

that was there in Lebanon, who was it aimed at? At us, at Jews. You understand? It's not Syria, it's not Jordan, or Egypt, or Iraq, it's not any of these countries where we know exactly how many men and ammunition they have."

"Here it was a war of terror and we didn't know how many people they had because it was a real international network. It's a fact that we've caught terrorists from all kinds of countries. It was scary, really."

**DAVID COHEN's** mother-in-law lives in a patio flat in a leafy neighbourhood. She is still bewildered.

"I've known him since he became Orit's boyfriend. They knew each other casually at first, but in time the bond grew stronger. She finished high school, then went into the army. He was already in the regular army. A year later they married; he remained in the army."

"He was a very educated young man, with high standards, he advanced nicely in the army. He was a good man, a good husband, a wonderful father. He used to come home every two or three weeks, on leave; Orit and the baby were here. "He was just between posts — after being deputy commander of a brigade. He was supposed to be made general-staff officer of the brigade. Orit was fed up with hardly seeing him, so they arranged for him to take a six-week leave."

Then the war broke out. "That last Saturday they went on a trip to Tel Aviv and left the child with me. On the way, he saw all the cars and felt that something was happening. When they got to Tel Aviv he told Orit that he wanted to call his unit. She protested: 'Don't call, I see so little of you as it is; call when we get home.'"

"Meanwhile, they were looking for him here in Dimona. He was uneasy and called and was told to get to his unit immediately. He said that he lives in Dimona and would take his wife home first but they told him: No, we need you, come with your wife and we'll send her home. That's the way it was."

They parted at the base, he went to war, fought all week, and fell on the sixth day. Exactly an hour after the cease-fire. They went to clean out the houses near Damour and he was hit. That's it. We got the announcement only on Monday. I don't know why."

**DIMONA** LOOKS like a large place: wide, sweeping roads, gardens; well-tended houses besides problematic tenements; interesting public buildings, clear street signs — and lots of space, lots of horizon, lots of desert. At the edge of town is the Paula Ben-Gurion Forest.

Dimona has a movie house and a community centre. Almost every play running in Israel comes to it, the Israel Philharmonic always plays to a packed hall.

There is a cinemathèque, folk-dancing, and Friday-night Zava at the community centre. The conservatory of music has 700 pupils. Most of these activities are not geared to the average fun-loving youth. "The atmosphere in Dimona is one of dejection, that's my personal opinion," says one young Dimonian. "There's only one movie house with only one show a day. Shows come once a month. Friday night, kids just roam around because there's a local law against opening places of entertainment on Shabbat and on holy days. The religious party in the municipal, wall-to-wall coalition is threatening to close Zava as well. The two swimming pools operate only during daytime when young people are either at work or in the army. Some are leaving town; they don't like the conditions. More than half the young people he graduated with from high school are in kibbutzim."

**DOV JOSEPH**, as Minister of Development, initiated the founding of Dimona. The original plan was not to settle immigrants but to find suitable housing for the

Dead Sea Works employees. They came from the north and were housed in a work-camp in Sdom. Once every two weeks they would travel north to be with their families. It was decided to build a town for the workers and their families in the Dimona hills. In the end, it was actually families from North Africa that first settled in Dimona, straight off the boats in Haifa. Dimona was originally planned for 5,000 inhabitants; today there are 30,000. The projection for the year 2000 calls for 50,000.

The budding desert city had a plethora of problems to solve: some specific to itself, some endemic to the country as a whole. Two major problems were those of absorbing the Persian and Indian communities both of which are introverted, tightly-knit groups with their own customs and language. The second was the absorption of the aged, who are an economic and social burden on the community. Today, "new immigrants" in Dimona are those who have lived there for fifteen years.

**NOBODY STARVES** to death in Dimona, that kind of poverty is

hard to find; but there are poor families in Dimona. There is also a fair amount of crime in Dimona and a plague of vandalism.

Dimona also suffers from euphemistic unemployment: "friction unemployment" they call it. Explains Eli Hilleli: "There are people who want work but don't find what they want and there's work that people don't want. We encourage sophisticated industry to relocate in Dimona but there's no doubt that whatever we do, a small place like Dimona can't fulfil all the expectations of its people. All over the world, people move from small towns to larger ones. It's a fact that all our administrators are natives of Dimona."

**YEHUDA MALUL**, had he lived, would no doubt have taken his place at the head of some local organization or other. A graduate in production engineering, he had a bright future ahead of him.

His family came from Morocco in 1962. They live in a well-kept single-storey flat in the Shiv'at Haminim neighbourhood, an old and generally run-down area adopted by the Urban Renewal Project.

The family is in mourning; they loved their aloof brother-in-law very much. There is deep sorrow mingled with deep belief.

His brother, Meir Malul says: "If you really want to know about him, then you need tons of cassettes. He was a wonderful being. He died for a holy cause. We have nothing against anyone. For us, this will be a scar for all our lives, but knowing that every soldier who fell, fell for a holy purpose, is our consolation."

Ruthie, the cool older sister, is a teacher; his confidante: "He always identified with the government's actions. He always told me, that by not going in there, we fail in our mission. Every day is too late, and time works against us. He approved of the action in Lebanon, he said it should have been done a long time ago."

He never wanted to leave the country, to travel. It hurt him to know that people are emigrating. He was a Zionist through and through. He fell in a battle with the Syrian commando, he was the first because he always said 'After me!'

**DIMONA HAS LOST** seven of her first sons in this, Israel's seventh war. I expected to hear a murmur of protest, a ripple of discord. But Dimona is united, strong in its belief that this is a just war and that the seven were sacrificial lambs in a holy ritual. There seems to be no remorse, no outcry; nobody feels cheated. They were called up like everybody else, and they died like everybody else. I met no one opposed to the war, to the killing. Everyone is sad but resolute. For Dimona, Operation Peace for Galilee was necessary, and the seven sons are seven seraphs.



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All such applications will be regarded sympathetically by the Management."

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FOREIGN CURRENCY  
Friday's foreign exchange rates against the Israeli Sheqel, for U.S. dollar transactions under \$3,000 and transactions of other currencies under the equivalent of \$500.

	Selling	Buying
US\$	25.2745	25.0255
DM	10.8267	10.4229
Swiss FR	12.4905	12.3574
Sterling	44.5337	44.0849
French FR	3.7794	3.7421
Dutch G	5.5180	5.4222
Australian \$	14.9421	14.7948
Swedish Kr	4.2081	4.1647
Norwegian Kr	3.0380	3.0061
Finland MK	6.6875/25	4.0050
Canadian \$	20.1382	19.9398
Yen	22.3073	22.0875
Australian \$	25.5999	24.7855
Belgian (10) Con	5.5142	5.4599
Belgian (10) Fin	6.1371	5.0864
Yen (100)	10.1361	10.0082
Italian Lire (1000)	18.7219	18.5374

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SPOT RATES:

	1.0000	2.0000	5.0000
US\$	1.7602/12	per C	
DM	2.4030/45	per S	
Swiss FR	2.0240/70	per S	
French FR	6.6875/25	per S	
Italian Lire	1353.80/40	per S	
Dutch G	2.6585/00	per S	
Norwegian Kr	8.2460/80	per S	
Danish Kr	8.3420/40	per S	
Swedish Kr	6.0080/00	per S	

FORWARD RATES:

	1.0000	2.0000	5.0000
US\$	1.7604/15	1.7655/70	1.7759/72
DM	2.3961/80	2.3778/88	2.3460/85
Sw-FR	2.0078/15	1.9755/33	1.9360/10

By JOSEPH MORGENSTERN

TEL AVIV. — Despite the deepening of the Lebanon crisis the market yesterday saw a reduction in selling pressure. Volumes remained extremely modest at just over IS320m. There were two "buyers only" situations and 21 securities were ahead by 5% or better. Losers still held a 2:1 edge, as 9 issues were "sellers only" with 45 being down by more than 5%.

Index-linked bonds reflected

Commercial Banks & Bankholding

	Closing price	Change	Volume
IDB prf	2517	+14	+8
IDB	2517	+14	+8
IDB prf A	2517	+14	+8
IDB prf B	2517	+14	+8
IDB prf C	2517	+14	+8
IDB prf D	2517	+14	+8
IDB prf E	2517	+14	+8
IDB prf F	2517	+14	+8
IDB prf G	2517	+14	+8
IDB prf H	2517	+14	+8
IDB prf I	2517	+14	+8
IDB prf J	2517	+14	+8
IDB prf K	2517	+14	+8
IDB prf L	2517	+14	+8
IDB prf M	2517	+14	+8
IDB prf N	2517	+14	+8
IDB prf O	2517	+14	+8
IDB prf P	2517	+14	+8
IDB prf Q	2517	+14	+8
IDB prf R	2517	+14	+8
IDB prf S	2517	+14	+8
IDB prf T	2517	+14	+8
IDB prf U	2517	+14	+8
IDB prf V	2517	+14	+8
IDB prf W	2517	+14	+8
IDB prf X	2517	+14	+8
IDB prf Y	2517	+14	+8
IDB prf Z	2517	+14	+8

General A

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General C

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General R

gains of about 5%.

Commercial banks showed a somewhat accelerated pace of advances, as gains of more than 0.5 per cent were in vogue.

A mixed trend developed among insurance stocks. There was one heavy loser — Reinsurance 0.5, which was down by 10.1%.

Index-linked bonds reflected

Commercial Services & Utilities

	Closing price	Change	Volume
Hadar 1.0	765	+10	+5.4
Hadar 5.0	378	-22	-3.5
Hassaneh r	1033	n.c.	—
Hassaneh b	1063	n.c.	—
Hassaneh c	3585	-25	-7.0
Hassaneh d	1230	+30	+2.5
Hassaneh e	843	n.c.	—
Hassaneh f	1580	n.c.	—
Hassaneh g	813	+15	+1.0
Hassaneh h	560	+20	+3.7
Hassaneh i	3889	-100	-2.5
Hassaneh j	1500	n.c.	—
Hassaneh k	715	n.c.	—
Hassaneh l	1092	+7	+6
Hassaneh m	385	-10	-2.5
Hassaneh n	228	-10	-4.2
Hassaneh o	1902	+7	+6
Hassaneh p	385	-10	-2.5
Hassaneh q	228	-10	-4.2
Hassaneh r	1902	+7	+6
Hassaneh s	385	-10	-2.5
Hassaneh t	228	-10	-4.2
Hassaneh u	1902	+7	+6
Hassaneh v	385	-10	-2.5
Hassaneh w	228	-10	-4.2
Hassaneh x	1902	+7	+6
Hassaneh y	385	-10	-2.5
Hassaneh z	228	-10	-4.2

General A

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General V

General W

General X

General Y

General Z

General A



Avraham  
Friedman  
Managing Director

THE JERUSALEM  
POST

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Av. 5742 • Shavua 5, 1402

## Bewitched or bewildered?

ISRAEL did not go to war in Lebanon in order to enhance the political status of the PLO. For the moment that is what is happening. Israel also did not go to war in Lebanon in order to be stuck there. That too is happening. Nor was the intent to create a major conflict with Syria. That risk also looms.

All of these problems and more beset Mr. Begin and his government. They were not foreseen on June 5 when the decision to go to war was taken. Presumably not even the government would argue that.

It was natural, therefore, that as the scope of war escalated and then as the West Beirut siege led to immobilism rather than change, critical voices were heard. It was equally natural that the government should silence it by arguing that criticism now was premature, gave comfort to the PLO, and should await the end of the hostilities.

But what is not natural is that in the eighth week of war, with no acceptable solutions in sight, the government should still be playing make believe with the Israeli public.

In West Beirut, Israel, laying a siege, is itself besieged by a no-win dilemma. Military action which would reduce the PLO would bring with it heavy military and political costs. The vaunted political solution would be translated by the PLO and Israel's foes into a PLO political victory.

In Lebanon itself, the government has committed itself to promoting the establishment of a central authority that would make peace with Israel. But there is no surety that these twin aims can be achieved or reconciled. There is also no clarity whether the duration of Israel's military presence in that country is supposed to be determined by these aims.

At the same time the government is committed, on the one hand, to expelling the Syrian forces in Lebanon, and on the other, to not permitting the development of a war of attrition with the Syrian forces. But there is no clarity on how the Syrians are to be induced politically to leave Lebanon, nor how continued military exchanges can be prevented from erupting into a major escalation.

These are genuine dilemmas. They seize the thought and emotion of all Israelis as national dilemmas, regardless of party or partisan sentiments.

Only the government and its various spokesmen are attempting to dismiss the seriousness of the crisis. When former Prime Minister Rabin suggests scaling down the government's goals, he is berated for having in effect caused the present problems by decisions taken seven years ago. When some in Labour suggest that what is in fact a national emergency — with wholly new opportunities and wholly new dangers — requires a national effort beyond partisan reckoning, Mr. Begin makes a pact with far-right Tehiya, and tells reporters how he plans to wage the next election campaign.

Meanwhile, as if to emphasize business as usual, the Prime Minister is making preparations for a visit to Zaire at the beginning of August — August is only a week away — and the Finance Minister heralds a "package deal" to pay for the war, which in truth will not even cover the deficit of the government's pre-war budget.

Obviously this charade cannot be sustained for long. For the government has thrust the nation into a complex vice of political and military attrition. The temptation will be to break it by force in the hope that the fallout will somehow put all the pieces neatly into place.

Eight weeks into a war that was solemnly designed to take 72 hours is enough to give the public pause over this prospect. It would be no dishonor for the government to acknowledge that the public has good reason.

## Tehiya's mighty tug

LATER TODAY the Knesset is expected to ratify the appointment of the Tehiya Party's Yuval Ne'eman, a distinguished physicist, as minister of science and development in Premier Menachem Begin's cabinet. In so doing the Knesset will overlook the \$5,000 fine just imposed on Mr. Ne'eman for foreign currency violations.

Parliament will merely follow the cabinet's decision yesterday setting up the new ministry for Mr. Ne'eman, and co-opting Tehiya into the coalition. With this move, the Likud-led coalition will swell from 61 to 64 Knesset seats, thus improving its chances for smooth survival.

This, of course, was Mr. Begin's reason for making peace with the trio of right-wing extremists — comprising Geula Cohen and Hanan Porat besides Mr. Ne'eman himself — that has been a thorn in the government's side since the party's founding. True, some of the ideological sting has been taken out of Tehiya's quarrel with Mr. Begin in the three months that elapsed since the destruction of Yarmit. The full implementation of the peace treaty with Egypt is no longer a live issue.

The autonomy, on the other hand, is Tehiya remains adamantly opposed to the establishment of even the poor man's version of autonomy for the Palestinian residents of Judea, Samaria and Gaza envisioned by Mr. Begin. The party is still plumping for the immediate annexation of the territories, or, at a minimum, for the extension of Israel law to the Jewish settlements there. To Tehiya's mind, that is the logic of Israel's war in Lebanon: not to beat down PLO interference with Palestinian acquiescence in the autonomy, but to destroy Palestinian opposition to a Greater Eretz Yisrael.

Greater Eretz Yisrael, in Tehiya's book, also includes southern Lebanon — although there may be some slight difference there between Mr. Ne'eman, who merely places the country's "security border" on the Zaharani, or at least the Litani, and Mr. Porat, who views southern Lebanon as actually part of the national patrimony.

The Tehiya trio have not persuaded Mr. Begin to change his official stand. The premier keeps insisting that Israel covets not an inch of Lebanon's territory, and he refuses to budge on the Camp David principles. Thus while Mr. Ne'eman will be free to speak and vote his party's line in the cabinet, and to try to win over those Herutniks who have long sympathized with the Tehiya line, he need not expect to alter the government's declared policy.

This need not, however, matter very much. As minister of science and development Mr. Ne'eman will have at his disposal funds that he will use, in the main, to push the cause of Jewish settlement in Judea, Samaria and Gaza. Besides, Tehiya was promised that 6,000 new housing units would be built in the territories during the coming year, as well as seven wholly new settlements. The party had bargained for more, but what it got is not to be sneezed at, especially not at this time of supposed financial stringency.

What really matters, Mr. Ne'eman has been heard to remark, is more Jews in the territories. Another 100,000 Jewish settlers there in the next three years, and the autonomy will have become an academic issue.

At the very least, then, the marriage of convenience between the Likud and the country's rightist fringe will help foster the suspicion that Israel's policy, all official protestations notwithstanding, is in fact closer to that favoured by Mr. Ne'eman than by Mr. Begin.

## GIANTS IN TROUBLE

By  
BENJAMIN SHWADRAN

THE SEVEN big international oil companies, nicknamed the "Seven Sisters," which have been dominating the Western world oil industry for a long time are comprised of five American oil companies — Exxon, Gulf, Mobil, Standard of California and Standard of Texas — and two European, British Petroleum and Royal Dutch-Shell. All are integrated companies, producing (upstream), transporting, refining and marketing (downstream). Together they have controlled world oil production and world oil prices.

They maintained that their major profits were derived from production, hence their great emphasis on oil concessions for the acquisition of crude and their iron determination to keep them. Some of the downstream operations were not as profitable as production, others were sufficient to cover expenses, while still others incurred losses. However, through tax manipulations, total operation was exceptionally profitable. Indeed, the international oil companies were among the highest investment earners in the world.

But, beginning with the loss of equity oil, first through 25 per cent participation by the producing countries in the foreign companies, then 60 per cent participation and finally full nationalization, the big profits of production were radically reduced. Yet the companies continued to lift, under long-term contractual agreements with the producing countries, quantities of crude from their former concessionary areas.

For as long as there was a uniform OPEC price for oil, all the companies were in the same position. However, after the March 1979 breakdown of the uniform price, serious difficulties developed.

While Saudi Arabia maintained the minimum OPEC price, all the other OPEC members added surcharges of \$5-\$8 per barrel to the

minimum price. Only the four American companies (the four majors) of Aramco obtained their crude at about \$6-\$8 a barrel cheaper than the going prices. The three other majors (Gulf and the two Europeans) lost the differential on their oil purchases from the other producers. The could not, of course obtain their required crude in the spot market, for the price there was much higher — \$5-\$10 per barrel — than the official lifting prices.

However, since the oil glut in the world market set in, a totally new situation has emerged. Non-OPEC production has increased, while general demand for oil has been greatly decreased because of high prices, conservation measures and depressed economic conditions. All contributed to the prolonged glut.

As a result, the three major oil companies have completely changed their purchasing patterns and dependence on OPEC crude. British Petroleum (BP), for instance, reduced its dependence on OPEC and non-OPEC sources by 90 per cent; Gulf reduced its dependence by 70 per cent and so did Shell.

ONLY THE four American Aramco partners continued to lift their contractual quantities at the price of \$34 a barrel, because of their other deep involvement in economic undertakings with the government of Saudi Arabia. The others have given up, in great measure, their contractual lifting and resorted to the spot market for meeting their crude requirements at prices considerably below the Saudi Arabian price.

They found that they could easily get along without OPEC oil. This caused great surpluses in the

production rates of most of the Middle East producers, especially Kuwait, whose two major lifters were BP and Gulf. In fact, all the producers of the Middle East felt the impact of the non-lifting of these and other companies.

To be sure, the break of the three major companies with the OPEC producers involved a certain risk. Should the glut dry up and prices go up, they would be left without their required oil supplies. OPEC members would not sign any contractual agreements with them, and the spot market prices would be even higher than the official prices. But, apparently these major companies did not feel that they were taking much of a risk.

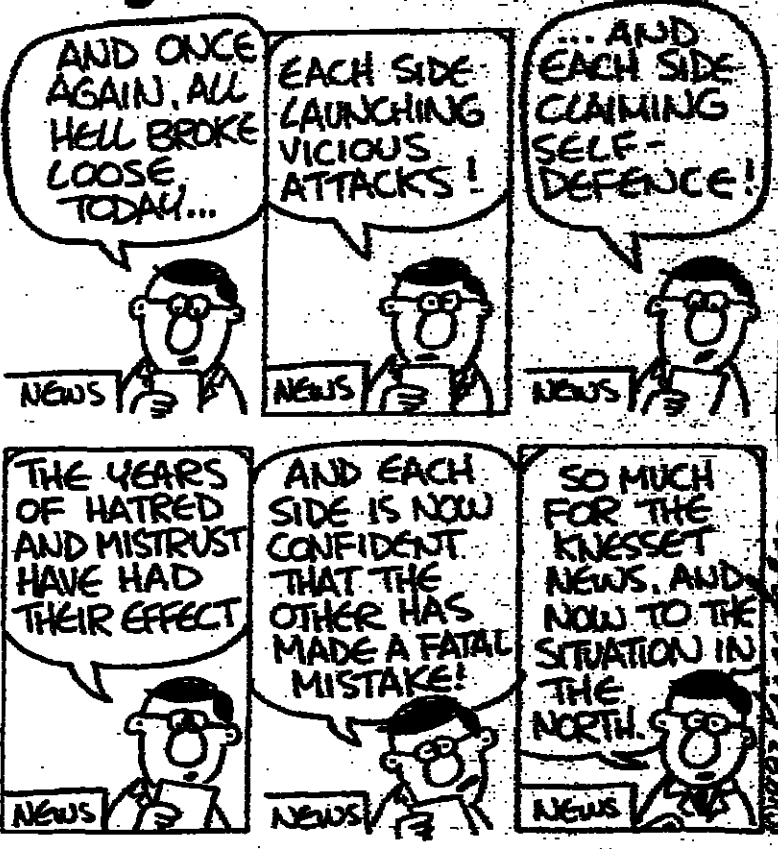
The general trend throughout the Western world is to consume less energy, which means less dependence on OPEC. The cartel's members could not cut production continuously to maintain the current oil price. Their economic and financial needs would force them to increase production, which would completely prevent shortages.

Moreover, the era of the integrated company is coming to an end. The refining aspect of the major companies has suffered seriously ever since the 1973 oil crisis. The consumption rate dropped with the enormous price increases, which idled many refineries. Most of the large European refineries were operating at no more than 60 per cent of capacity, and in some cases even below that.

The major companies questioned the value of the refineries, as they brought no profits and in some instances led to heavy losses. They were wondering whether they would make greater profits for their shareholders if they would buy refined oil instead of crude.

OPEC COUNTRIES were expanding their refining facilities, and they will have product surpluses, and one can predict a glut of

## Dry Bones



products in the market. The companies should, therefore, drastically reduce their refining facilities and concentrate on the other downstream operations and make their profits from them.

This process is now actually taking place among the major oil companies, which are divesting themselves of their surplus refineries and dealing more and more in oil products. At the same time, it should be stressed, these companies have completely given up the production phase of the industry, they now produce and will continue to produce in future primarily in non-OPEC areas.

Should this trend continue, the

world will witness two radical developments in the oil industry. First, a definite and sharp break in the big-seven monopoly structure. At the same time, a deep rift will develop in the relations between the major international oil companies — alongside of Gulf of America will be BP and Shell of Europe, against the four Aramco partners.

Secondly, OPEC and especially the Middle East producers will be greatly weakened. Saudi Arabia's role and influence would then, to a very large extent, be reduced, both financially and politically.

The writer is professor of Modern Middle East History at Tel Aviv University and at the Hebrew University.

## READERS' LETTERS

### THE IDEOLOGICALLY BLIND

To the Editor of The Jerusalem Post: Sir, — Mr. Aaron Leibel's article, "The ideologically blind" (July 18) contains a complete, indeed incredible misrepresentation of what I have been writing about Egypt and the peace treaty for the past three years and more.

Mr. Leibel writes: "Katz says that at the first opportunity, Egypt will abrogate the peace treaty and join with her sister Arab states in a new all-out war against an emasculated Israel."

Nonsense. What I have written and reiterated in *The Post* and elsewhere, is that, with Sinai "in her pocket," Egypt would take a leading part in an international campaign of propaganda and diplomatic action to get Israel out of Judea, Samaria and Gaza. I predicted that, after Sinai was secured, it would be discovered that the allegedly unbridgeable gulf created between Egypt and the other Arab states by reason of her having "made peace" with Israel was not unbridgeable at all, cooperation for the common purpose would be re-established — and we would be back at square one, except that Israel would be without Sinai.

The Egyptian purpose is not war for its own sake. The purpose, dictated by Arab-Muslim doctrine and shared by all the Arab peoples, is the elimination of the Jewish State from "the heart of the Arab world." Sadat believed, and Mubarak in his turn believes, that the next phase in this process (squeezing Israel back into the 1949 Armistice lines) can be achieved by American (and European) pressures, fuelled by Arab economic power — without war.

The war option would be kept in the background, for use when necessary and feasible. To that end, all the Arab states are building up their armies and their armories. The peace treaty does not hinder Egypt in her campaign against Israel. On the contrary, it is probably helpful. She has no reason to abrogate it — and of course I have never suggested that she would.

This, in brief, is what I have been writing and saying. Mr. Leibel's contention that I am moved by an "ideology" about the peace treaty is fatuous. I have consistently analysed facts and trends and drawn conclusions. Mr. Leibel has either not really read me, or he has a "doctrine" of his own into which he is trying to fit me, regardless of realities. That is the kindest comment I can make on his effusion.

Tel Aviv, SHMUEL KATZ

Sir, — Aaron Leibel decries Uri Avnery's supposed "ideological blindness," which he defines as perceiving "only that which is consistent with (one's) own beliefs" (July 18). But as evidence for his charge, the writer provides the standard Israeli view of the PLO as wanting only "the destruction of Israel and its replacement by an Arab state of Palestine."

Leibel must have either not seen the Israel TV segment of Avnery's interview with PLO chairman Yasser Arafat and not read the published text, in which case he should not write about it, or is suffering himself from ideological blindness.

For in the TV broadcast, Arafat stated clearly and in his own words that the PLO proposes two solutions: either a single state in which Palestinians and Israelis would reside together, or a Palestinian state in part of Palestine. And in the published interview, Arafat reiterated his acceptance of the 1977 US-USSR joint declaration, the Saudi peace plan of last summer, and a Soviet plan which specifically included the recognized and secure existence of Israel.

No doubt, Arafat could have said it better... and sooner. It is also certainly a difficult time for the Israeli public, in the midst of a war, to calmly digest Arafat's words and perhaps more significant, to appreciate the very fact that he was willing and able to make such conciliatory statements, to an Israeli, while under wartime pressure for greater militancy from his own constituency in Beirut.

Leibel sarcastically dismisses the very contemplation of negotiation with the PLO by blithely noting that it "is considered progressive." Surely he realizes that not only Uri Avnery, who admittedly still represents a minority of Israelis, but most of the world feels that precisely such negotiation is a necessary first step — if not to the Lebanese problem, then to the Palestinian problem, which is both linked to the Beirut dilemma and will undoubtedly remain, however the current impasse is resolved.

Whatever else does or does not result, Avnery has at least shown that there is someone to talk to, and Arafat has indicated, more clearly than ever before that there is something to talk about. What a pity that Leibel, and probably many others like him, cannot see this because of their own "ideological blindness."

Jerusalem, DOV SHAKED

### VACATIONS IN ISRAEL

To the Editor of The Jerusalem Post: Sir, — Lydia Littman writes to *The Post* in favour of a supplement on vacation possibilities in Israel (July 8) and concludes: "I sometimes wonder whether all the Israelis who go to Europe and the U.S.A. for their vacations have ever really toured our own beautiful country."

We would like to bring to the attention of Ms. Littman as well as of your other readers, that the Ministry of Tourism is right now conducting a national campaign to encourage Israelis to vacation in our own country. As part of this campaign, there are reductions of up to 50 per cent in hotels and kibbutz inns — details are available in the press.

I agree with Ms. Littman that everything possible should be done so that the maximum number of Israelis spend their holidays this year in Israel. They will then make the acquaintance of the various regions of our country that are as yet unknown to many of its citizens.

The Ministry of Tourism will continue to hold campaigns granting reductions with a view to persuading thousands of Israelis to spend their annual holidays in the country.

ZVI RIMON,  
Communications Adviser to the  
Minister of Tourism  
Jerusalem.

### LASTING STAIN

To the Editor of The Jerusalem Post: Sir, — The carnage and bloodshed in Beirut has lasted for a month now. I must voice my feelings, or become part of the shame that many Jews must now feel. The Jewish communities both here and in America deepen that shame by their silence.

There will be many Jews, in and out of Israel, who feel the same sense of tragedy for what is now happening. Make your voices heard, perhaps even now it may have some effect on Israel's leaders. The seeds of the destruction of Israel are being sown now, not by its enemies, but by its own people.

What is now happening in Beirut will be a lasting stain on Israel unless some action is taken before it is too late and many more young Israelis will die to save the militarist pride of its present leaders.

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### ADVICE FROM CAIRO

To the Editor of The Jerusalem Post: Sir, — I am concerned that the violence unleashed by striking at the devil will not cease. The devil for Israel is the PLO, as much as it is Israel for the PLO. It is tempting to believe that, by physically destroying the object of our hate, we shall get rid of our hate. What is more likely is that we shall have to find a new outlet for a hatred that has grown by cultivating it, experiencing it and expressing it.

To exterminate the arms of the PLO could only lead to the rebirth of a more bitter generation of Palestinians who shall seek revenge. Even to exterminate the belly or the head — the civilians and the political leaders. Jews are the best example. They should know that, better than any other people. Yet the blind repetition-compulsion goes on.

Much as the present victim is the Palestinian entrapped in fire and steel, I look ahead and feel equally sorry for the victimizer who is sow-

ing the seeds of his own victimization. Worldly power, because it is worldly, is not eternal. For every rise, there is a fall; and the more swift and high the rise, likewise the fall. For Israel to survive in peace, it must sow peace.

Assuming that such violence is successful in erasing the hateful enemy, what plans are there for the West Bankers and Gazans? What for the Israeli Arabs? What for the Arab (Oriental) Jews? What for each sub-sect of Jews? What for each "other"? Herein is the real challenge: can Israel, that seeks to be accepted as an "other" accept an "other" — the Palestinian?

I am concerned for the victim, but in the long run, equally for the victimizer.

Prof. MOHAMMED SHAALAN, MD,  
Chairman,  
Department of Neurology,  
and Psychiatry,  
Faculty of Medicine,  
Al-Azhar University  
Cairo.

### THANK YOU, ISRAEL

To the Editor of The Jerusalem Post: Sir, — I just finished reading the letter from George O. Kent of Maryland (July 7). Each day, I have read letters from people who, with only the knowledge of their local paper in their far-away countries, criticize Israel and Operation Peace for Galilee. Their letters only show the ignorance of those who condemn from afar.

I wonder how Mr. Kent came to the conclusion that most American Jews feel as he does? Did he take a poll?

I am an American, a Jewish American. I did not just sit in the comfort of my home in California and watch the news on TV and read my local paper and come to any final conclusions. In fact, on the news (TV), I saw that Israel had almost completely demolished Nabatieh. Well, I came to Israel, I saw, I heard, I talked, I asked and I learned. I went into Lebanon and saw Nabatieh. Yes, a few buildings

were destroyed and weeds were growing inside — these buildings had been destroyed during the past seven years by the civil war and the PLO. Not the way the American media had shown us!

The PLO, with its enormous quantities of armaments which Israel sought to destroy was aimed not only against Israel, it was aimed at every Jew in the world and at every free human being in the world. Instead of condemning Mr. Kent should come to Israel and see for himself — and say thank you to Israel, for once again it has strengthened Jewish survival.

JAYNE B. KANE (LEWIS)  
Tel Aviv (San Diego, California).

### PENFRIENDS

MRS. MISAO KUNIMI (27), of 19 Shimogijima, Saiti-City, Oita-Pref., 876 Japan, would like to have Israeli penfriends. Her hobbies are music, reading and movies.

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